

EUROPEAN PARLIAMENT

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Part I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

- 9th January Dr. Erhard, Federal Chancellor, addresses the Bundestag on European integration.
- 31st December 1963
and
31st January 1964 Speech by the President of the French Republic.
- 19th January Meeting in Paris of the National Committee of the Mouvement Républicain Populaire.
Foreign policy report on European integration.
- 28th-29th January Official visit to Rome by Mr. Erhard, Federal Chancellor, and Mr. Schröder, Minister for Foreign Affairs. Meetings with Mr. Segni, President of the Italian Republic, Mr. Moro, President of the Council and Mr. Saragat, Minister for Foreign Affairs.
- 30th January Meeting in Brussels of the Liaison Bureau of Socialist Parties in the European Community.
Adoption of a working programme for 1964.

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1. Dr. Erhard pleads for new political initiatives for Europe:

In a speech delivered in the Bundestag on 9th January 1964 during the budget debate, Federal Chancellor Professor Dr. Erhard also dealt with questions of European and Atlantic policy.

Adherence to friendship and reconciliation with France, stated Dr. Erhard, formed the keystone of the policy of the present Federal Government, as in the case of its predecessor. Without this there would be no Europe, no European policy, no European integration, and no Atlantic Partnership.

The German-French Treaty of Friendship should not be of an exclusive nature but should serve to bring the European countries closer together. Every effort should therefore be made to endow it with a "centripetal action" so that it would not exclude others and, in particular, not give the smaller countries the impression that they were being relegated to a place of secondary importance and that European policy was being framed only by these two partners.

Friendship between France and Germany was already so deeply rooted among their peoples that there was no longer any reason to fear that "another partner in the EEC could shatter their solidarity".

Dr. Erhard went on to say that President de Gaulle and he shared the conviction that Europe must increase in internal strength and that the countries that formed it must become more and more firmly welded together. The question that now arose was what was required to help Europe to achieve this solidarity, this political strength, this influence on political world events. Economic integration of Europe of itself would not be enough: "It would be false to assume that all that is required for political Europe to grow to maturity and, at the end of the transitional period, to fall like a ripe apple from a tree, is the expansion of commercial relations, the automatic dismantling of tariffs and all the other relevant measures which, so to speak, proceed with the regularity of clockwork.... Our every endeavour, our original political resolve must be brought into play if we are to transform Europe into not merely a technocratic but a political entity".

Without wishing to imply any criticism of the already existing European institutions - ECSC, EEC, Euratom - the Chancellor asked who, in the final analysis, was to carry responsibility for the future integration process. The EEC Commission could certainly not bear this responsibility in its constitutional, political and parliamentary aspects. It was not an easy matter to decide how a European parliament could be "brought up" or with what powers it should be endowed. Meanwhile, the Council of Ministers was increasingly faced with an excessive volume of work.

All this pointed to the need for a "new political initiative for the reorganization of Europe". The feeling of "malaise", of weariness at present associated with the political integration of Europe could not long be allowed to persist. Dr. Erhard announced that he had reached agreement with President de Gaulle on a new political initiative. President de Gaulle had expressed to him personally his willingness to accept an invitation to a meeting of the heads of State and Foreign Ministers of the EEC countries.

The undisputable deep feeling of friendship of the Federal Republic for the United States, Dr. Erhard continued, in no way conflicted with its friendship and reconciliation with France. President de Gaulle had told him that he would regard it as an "extremely poor joke" to ask Dr. Erhard to choose between "friendship with France and friendship with America". The French fully understood that friendship with America was a vital factor for Germany's existence. Referring to his visit to the United States, Dr. Erhard said that relations between that country and the Federal Republic had become even closer. It would be wrong, however, to regard relations between the United States and Europe as being primarily based on a bilateral relationship between the U.S.A. and Germany.

With regard to the negotiations leading up to the decisions on market organization taken in Brussels, Dr. Erhard pointed out that there had been no "winners" and no "losers". It had been found that "agreements could only be reached where there was a spirit of "give and take" on both sides. (Bundesanzeiger, 10th January 1964)

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In an interview given to a correspondent of "The Times" on 14th January at the Palais Schaumburg, Dr. Erhard said that when he had suggested a few days ago the need for a new initiative over the political union of Europe, he was not thinking along any hard and fast lines. All previous plans and schemes put forward in this connexion suffered from an incubus. The countries interested did not think alike on this subject. It would therefore be valuable to sound out British views.

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"I will never give up the attempt to bring Britain into a European solution, of an economic or political kind", the Chancellor said. "But, at the moment, it is not our turn. I will not put the question of her joining Europe to her now nor do I expect an answer to it, on the eve of elections . . . If European economic integration developed further on the basis of the Six only and with the automatic nature of the Treaty of Rome, then we shall have a technocratic Europe but not a political one."

He felt it was necessary to get discussions on political union going before 1966.

"It is impossible to believe that decisions on vital issues affecting a country can be taken by majority rule if there is not a greater degree of political integration in being by then" the Chancellor said. (The Times, January 15th 1964)

2. Visit to Rome by Dr. Erhard: Dr. Erhard, Chancellor of the Federal Republic of Germany, accompanied by Mr. Schröder, Minister for Foreign Affairs, paid an official visit to Rome on 28th and 29th January.

The German statesmen had talks with Mr. Segni, President of the Italian Republic, Mr. Moro, President of the Council of Ministers and Mr. Saragat, Minister for Foreign Affairs, in the course of which the German and Italian viewpoints on the political and economic problems of Europe were discussed.

The press release issued after the talks stated that "the German and Italian Governments favour the continued development of the existing European Communities. In their opinion, the EEC should be enlarged as rapidly as possible through political collaboration. The ways and means of attaining this objective have been examined. In the first instance the two governments will direct their efforts to strengthening the European Parliament, widening its powers, and merging the Executives. Both Governments are convinced that the Europe of the future must be democratic, integrated, committed to the Atlantic Alliance, and open to the United Kingdom and to other European countries that accept the substance and the spirit of the Treaties of Rome. They are also determined to intensify their existing co-operation in the WEU. The positive aspects of the agreements recently concluded in Brussels have been noted with satisfaction both on the German and on the Italian side. The two Governments found themselves in agreement in attaching decisive importance to the success of the "Kennedy Round" for strengthening Atlantic collaboration." (La Stampa, 30th January 1964)

3. Statements concerning Europe made by General de Gaulle: In his New Year message the President of the République declared:

"It is a fact that in endeavouring to put our relations with Germany on a new footing, then in striving hard to ensure that the European Economic Community should really be a Community and really European, that it should include agriculture as well as industry, and that it should neither be broken up - through the admission of a new member who would be unable to comply with the rules - nor become an appendage of the system obtaining across the Atlantic, we have substantially contributed to setting up the Common Market and, consequently, to clearing the path that leads to a united Europe."

During his press conference on 31st January, General de Gaulle further stated, referring to the political organization of Europe:

"The Six still have to work out some detailed implementing measures, then they will have to fix common prices for agricultural products. After that, the Community having been built and started, the Six will be able to open negotiations with other countries and particularly with America, in regard to the terms of its external trade. In this connexion, France intends to keep trade flowing as briskly as possible but she is also determined not to make any concessions which are not reciprocated in kind. Last and far from least, the Six must from now on live together. They must resist centrifugal forces from within - for these will not fail to appear - as well as disruptive pressures from without. It is not clear how they will succeed if they do not achieve a steady pattern of agreement, especially at the level of their heads of state or of governments. The European Community will not be able to hold its own nor, consequently, to grow without political co-operation."

"For this and other reasons France proposed to her five partners that co-operation should be organized. The government of Chancellor Adenauer had, as we know, endorsed this suggestion; an example of this was its initiative in mootng the Franco-German Treaty. And yet the plan for a political union of the Six has still not materialized and we also know why: its opponents lay down three conditions which, to our mind, are inapplicable, contradictory one with the other, and which tend either to deliver Europe under the thumb of America or to maintain it in the field of brilliant subjects for political speeches, without it ever becoming a reality."

"No European union, they say, except by integration under supra-national control! No European union without England! No European union unless it is part and parcel of an Atlantic Community! But obviously no country in Europe would agree to entrust its destiny to the control of an Areopagus mainly composed of foreign-

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ers. In any case it is true for France. It is also obvious that England, which is a great nation and a great state, would accept it less than anyone else. Finally, it is clear that to incorporate the policy of Europe in a multilateral Atlantic policy would patently mean that Europe itself would have none, but then why would it wish to confederate?

"However, there are signs which make it reasonable to suppose that the objections to the political organization of the Six have somewhat lost their virulence. The successful outcome of the negotiations on the Common Market would appear to show this quite clearly. With things taking their natural course, it is possible that a scheme of practical co-operation between the six states could again emerge in the forefront. There can be no doubt that in such a case France would be ready, as she was in the past, to give attentive consideration to such a plan." (Le Monde, 2nd January, and 2nd/3rd February 1964)

4. Statement by Mr. René Mayer on political Europe: In the weekly "Notre République", Mr. René Mayer, Chairman of the French branch of the European Movement, wrote: "People are now talking of merging the European Executives. This praiseworthy aim is in line with one of the standing objectives of the European Movement. Would it not be possible to take advantage of this reform to make further headway?"

I should welcome a new European Commission as a single Executive for the three Communities consisting of 14 members; it could thus be constituted more readily. It would enjoy the services of men who would make it, in the realm of politics, into a body carrying out studies and putting forward proposals, who would talk directly to the ministers, in their joint meetings, and to the European Parliament.

To begin with there could be no question of decisions being taken by a majority. It would be during a period of three years in which the Treaties were revised to suit the merger of the Communities, that a new chapter would be added to them. Both Commission and Ministers would be made responsible for drawing this up. Before this was ratified by the Parliaments, the dates would be set upon which Community decisions would begin to be taken in monetary, cultural, defence and foreign policies.

I can see nothing in such a proposal to which the states and governments which accepted the Bonn Declaration could take exception. During the necessary transition period it would not deprive the states of any part of their sovereignty and freedom of decision. It has the advantage, at a time when the Commissions are being merged, of not setting up a new political one. A political Commission would bring no increase of strength if

it comprised government experts. The Commission I have in mind would not need to be any different from the Brussels Executive if the latter consists, and continues to consist, of men chosen jointly by the six governments because they are senior experts of independent mind and strength of character." (Le Monde, 19th-20th January 1964)

5. The European policy of the MRP: The National Committee of the MRP met on 19th January, when a feature of its agenda was a foreign policy report submitted by Mr. Poher.

In his report, Mr. Poher noted with satisfaction that "The European Community goes on and economic union is gradually being achieved." He added, however, that "nothing is ever finally settled. My personal view is that we shall not really have begun until we have created a political Europe... Only a political Europe can endow the economic Europe with any real purpose. Nonetheless, especially after the recent session in the Council of Europe at Strasbourg, we should not ignore the possibility that this political construction might run into serious difficulties again in 1964. All the national governments, without any distinction, will have to make an effort of conciliation."

The rapporteur hoped that negotiations on political Europe would give rise to "careful preparation through the diplomatic channels" and felt that "Italy could play a key rôle in this delicate matter."

He expressed fears for economic Europe should a "rather threatening recession" or a "sudden financial crisis" occur. He felt some apprehension at the "lengthy dealings behind closed doors" in connexion with the "Kennedy Round".

At the close of its business the National Committee tabled a motion in which it expressed the hope that the "unification of Europe would, as soon as possible, extend to the fields of foreign policy, culture and defence". It suggested a number of measures which could be taken to turn the "United States of Europe" into a reality, to wit:

- creation of a single Executive for the three Communities;
- widening the powers of the European Parliament, especially in regard to the financial control of Community activities and the revision of the Treaties;
- arranging periodic meetings of Heads of State and governments for the purpose of harmonizing the policies of Member States on matters not provided for in the Treaties, and preparing the creation of a Community political body;

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- holding annual debates on reports from Heads of State or governments on the "State of the Community", which would provide the ground-planks for sustained growth towards integration;
- elections to the European Parliament by universal suffrage. (Le Monde, 21st January 1964)

6. Statement by Mr. Nenni on the problems of Europe: Speaking in Rome, Mr. Pietro Nenni, Vice-President of the Council, explained the full significance of the part played by the Socialists in the conduct of the Italian Government's domestic and foreign policy. As regards foreign policy, he reaffirmed the determination of the Italian Socialist Party to contribute towards reducing tension and stabilizing world peace.

Referring in particular to European problems, Mr. Nenni stated:

"The main task of our country's foreign policy is the creation of a democratic Europe. It is from this objective that the significance for our foreign policy of the development of the European Communities, and especially of the Common Market, is derived. The Common Market should be shielded from trends towards self-sufficiency; it should be made democratic in structure and be established on a broader popular basis until, with the election of the European Parliament by universal suffrage, our peoples possess a forum in which to give voice to their desire for unity, social order and peace. This is why one of our main concerns is to close up the breach in the unification process opened by General de Gaulle exactly one year ago. Although at the close of 1963 there were many signs that this breach would become even wider, the Brussels Conference ended more satisfactorily than anticipated, with a net gain at the technical, though not at the political level." (International Reports, No. 1, 4th January 1964)

7. Problems of European economic and political integration - a study by the Italian branch of the CISL (International Confederation of Free Trade Unions): A report on the problems of European economic and political integration was presented by Mr. Rocchi, Secretary to the Italian branch of the Confederation, at a meeting of its Executive Committee, held in Rome on 24th January.

After reviewing the problems of economic and political integration confronting Euratom, Dr. Rocchi went on to discuss trade union action which was engaged on a wide front both at the or-

ganizational level and through its active work in Community organs, "in which representation of the parties was prescribed by the institutions and from time to time requested".

As was known, the co-ordinating body of the trade union executives in the EEC States was the European Trade Union Secretariat. Its function was to synthesize the attitudes of the trade union movements on the problems presented to the workers of the Six by the process of European integration.

Mr. Rocchi stressed that the scope for action by the unions at the European level was strictly proportional to the extent to which such a synthesis could be achieved. In this respect, the existing state of affairs was anything but healthy.

One could not of course ignore the positive achievements: constant representation of the trade unions - through the Secretariat - in the Community bodies; the steady flow of up-to-date information on the activities of the EEC; the regular provision of data on the major social problems of European integration; and the constant pressure exerted on Community departments and on the EEC Commission to further the social policy of the Community.

But so far the Secretariat had failed to line up the union policies of workers' movements in the Six - an essential prerequisite for a united, and therefore effective approach to the major problems of the Community's social policy. (Bollettino AEP, 24th January 1964)

8. Socialists propose European programme of work for 1964: On 30th January 1964, the Liaison Office of the Socialist Parties of the European Community held a meeting in Brussels at which the following resolution, which included a proposal for a European programme of work for 1964, was unanimously adopted:

...

"As the agreements reached on 23rd December 1963 have led to a consolidation of the EEC, the Socialist Parties of the European Community urge that the following programme of work for 1964 be put into effect:

1. Extension of the powers of the European Parliament, particularly through the establishment of an actual parliamentary budgetary law, also with regard to the European Agricultural Guidance and Guarantee Fund;

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2. Merging of the Executives of the three Communities into a single European executive authority, while fully retaining the existing European Treaties. The independence and individual responsibility vested in that body under the Treaties must be strictly respected by the national governments;
3. Development of methods and preparation of instruments for a medium-term economic policy;
4. Completion and implementation of a common agricultural policy designed to:
 - ensure a suitable level of income for the agricultural population, particularly by pursuing a specific structural policy aimed at ensuring sound and active agricultural undertakings;
 - take the interests of the European consumer largely into account;
 - protecting imports of agricultural goods from third countries from unhealthy protectionist trends.
5. Full implementation of the social policy so as to accelerate, by harmonizing social systems, the approximation of living and working conditions on progressive lines and the most uniform distribution possible of the advantages of economic expansion among all engaged in production. The co-operation of European trade unions and professional associations is essential for such a policy;
6. The working out of a clearly non-protectionist commercial policy for the Community incorporating the following features:
 - vigorous efforts within the context of the Kennedy Round tariff negotiations to reach agreement with the United States and the countries of the European Free Trade Area;
 - willingness to co-operate, at the forthcoming Conference on World Trade, in measures calculated to bring about an appreciable improvement in the outlets of developing countries on the European Market, as a first stage towards an effective organization of world markets;
 - willingness to conclude an agreement, on the basis of the Declaration of Intentions, with non-associated African States seeking such an agreement;
 - a co-operative attitude in the trade talks with Israel.
7. Disseminating information as to the activities of the European Communities by all suitable means.

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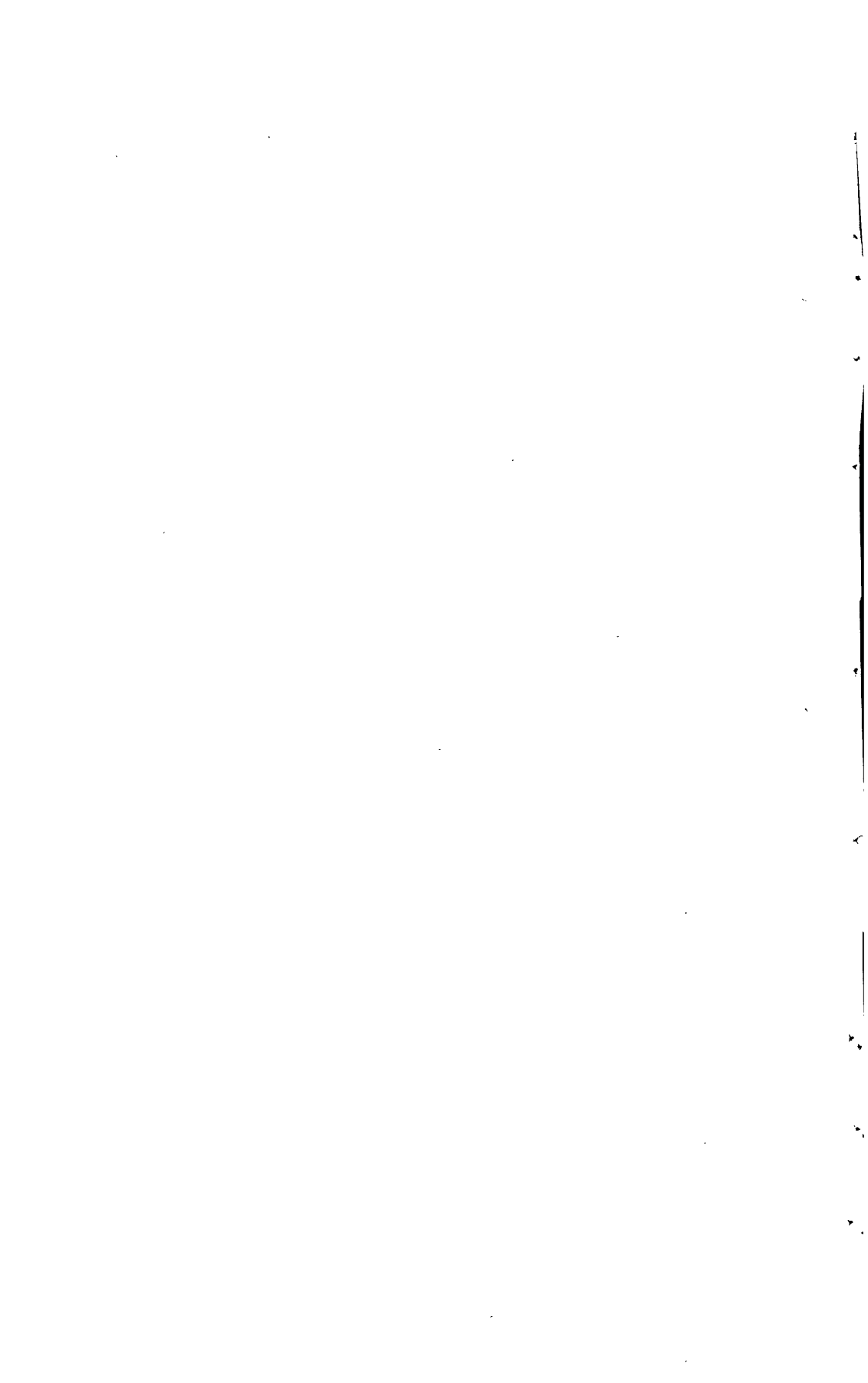
The Liaison Office considers that the enlargement of the European Community would only be possible by bringing world policy, defence and cultural questions under its sphere of activities, in the event of a failure to settle the differences existing between the French Government and the remaining EEC countries in respect, inter alia, of the nature of the European Community, the desirability of other States joining the Community and the incorporation of the Community within the wider framework of Atlantic co-operation."

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The following statement was made regarding Spain:

"The Liaison Office of the Socialist Parties of the European Community has noted the reports on the French Government's plans to put forward for discussion association with Spain. It again points out that the six Socialist Parties will oppose such an association agreement to the utmost as long as an anti-democratic regime is in power in Spain." (Sozialistische Europa-Korrespondenz, No. 5, 1964)



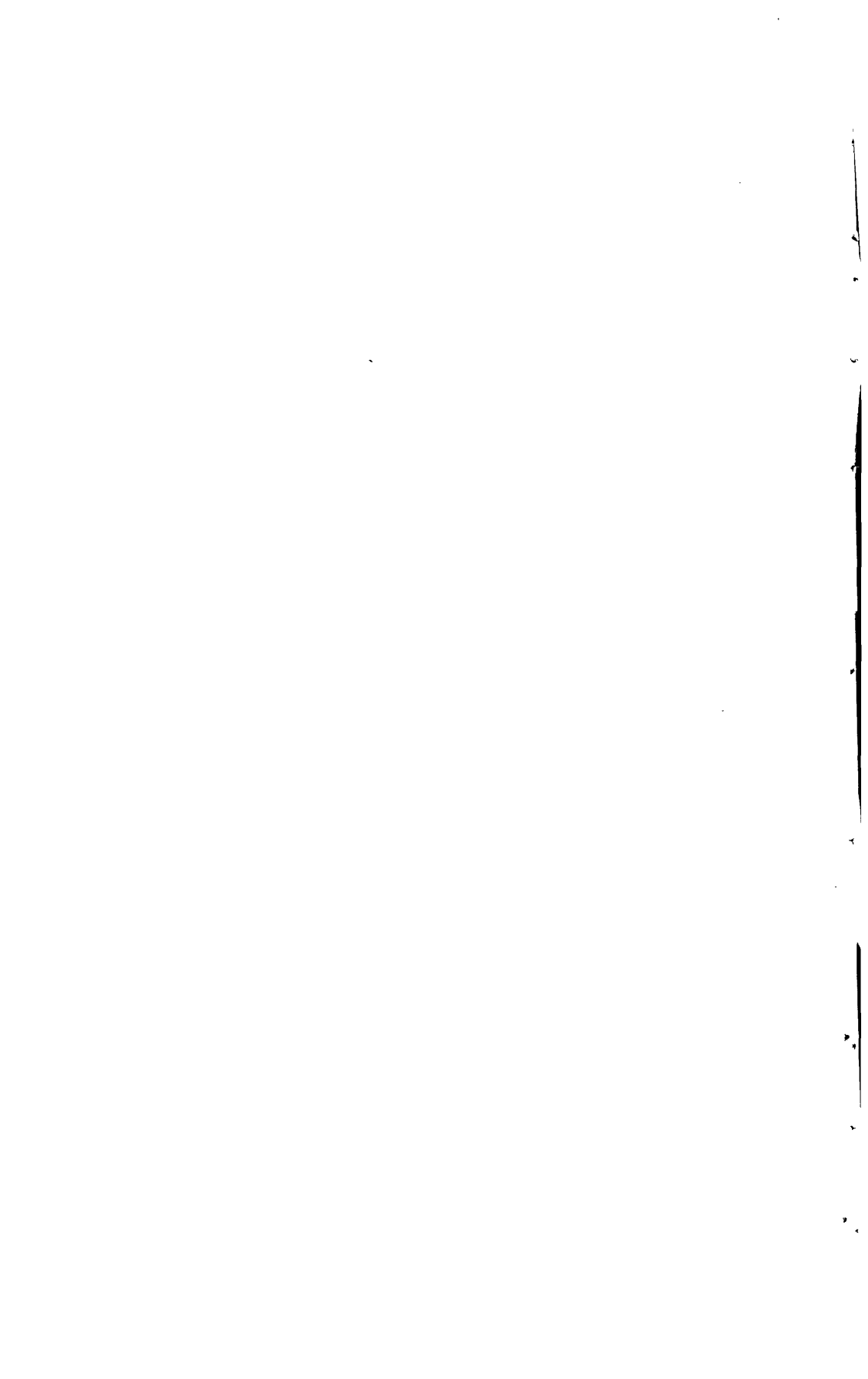
II. ASSOCIATION WITH AND ACCESSION TO THE COMMUNITIES

Chronological summary

Turkey

15th January

Ratification by the Turkish National Assembly of the Association Convention between the EEC and Turkey.



III. EXTERNAL RELATIONS

Chronological summary

- 9th and 10th
January Conference in Brussels of the European Movement on relations with countries of the Eastern bloc.
- 14th/15th January Official visit to the United States by Mr. Segni, President of the Italian Republic, and Mr. Saragat, Minister for Foreign Affairs. Meetings with President Johnson and Mr. Rusk, Secretary of State.
- 15th/16th January Visit to London of Dr. Erhard, Chancellor of the Federal Republic of Germany.
- 22nd January. Visit to London by Mr. Saragat, Italian Minister for Foreign Affairs. Meetings with Mr. Butler, British Foreign Secretary.

1. Official visit to the United States of Mr. Segni, President of the Italian Republic: On 14th and 15th January, Mr. Segni, accompanied by Mr. Saragat, Minister for Foreign Affairs, paid an official visit to Washington where he was the guest of President Johnson.

The ensuing talks dealt with a large number of problems, including that of relations between Europe and the United States. This is confirmed by the official communiqué issued at the close of the talks which records that the two statesmen agreed that the fundamental aims of the West called for undiminished efforts to set up an Atlantic Partnership through a steady advance towards European unity.

On the second day of his stay in Washington, President Segni addressed the United States Congress. Recalling President Kennedy's speech in Philadelphia - the first occasion on which an Atlantic Partnership between equals, based on the twin pillars of America and a united Europe, had been mentioned - he stressed the need to channel within this framework the efforts that were being made to build a democratic, outward-looking Europe.

"Today, when we think of Europe," said President Segni, "we do not regard it as something that should be cut off from America. Nor, following in the footsteps of the great Italians who preceded us - the names of Alcide De Gasperi and Carlo Sforza immediately spring to mind - did we do so in the past. Instead, we believe that in order to achieve closer integration within the Alliance - in short, to arrive at an Atlantic Community - we must bring the Atlantic Partnership into being as rapidly as possible, creating a free and united Europe within the Atlantic Alliance.

Such a united Europe is essential not only in the interests of balance and stability and because it alone could solve the major problems of our time, but also because it will enable us to defend ourselves and at the same time permit the fullest development of the potential energies and resources of our old continent. For some time we have been striving with determination, and not without success, to bring about the economic integration of Europe through the Common Market. But if Europe wishes to grow in strength, to continue playing its part and to be equal to its tasks in the times in which we live, it will also have to be politically united. If Europe remains divided, it will not be long before it becomes an anachronism and is left far behind.

In our eyes, therefore, the Atlantic Alliance, the Atlantic Partnership and the Atlantic Community are intimately related. The Alliance is a reality that already unites us and promotes the unification of Europe. The Atlantic Partnership is a second step, the achievement of which presupposes European unity."

2. Visit to London of Dr. Erhard, Chancellor of the Federal Republic of Germany: At the end of Dr. Erhard's visit to London on 15th and 16th January, a joint Anglo-German communiqué was issued.

The communiqué reported that there had been an exchange of views on the political and economic union of Europe to which the Federal Chancellor had referred in a speech delivered before the Bundestag on 9th January 1964. The Prime Minister and Federal Chancellor agreed that European union remained on a broad basis a common objective and stressed the importance of maintaining contacts between the European Economic Community and the United Kingdom in the West European Union. (Bulletin of the Federal Government's Press and Information Service, 17th January 1964)

3. Meeting between Mr. Saragat, Italian Minister for Foreign Affairs, and Mr. Butler, Foreign Secretary: On 27th January, a series of talks took place in London between Mr. Saragat and Mr. Butler.

The main international problems of common interest to Italy and the United Kingdom were discussed and the two Governments found themselves to be in complete agreement. With regard to European problems, the Ministers "reaffirmed their desire to work for a democratic, outward-looking Europe, established on a broad basis of unity and capable, in association with the United States, of playing a guiding rôle in solving the major problems of the West.

"They reaffirmed their conviction that their common aims could best be achieved if the United Kingdom could participate to the full in the political and economic development of Europe. They also agreed on the need to strive for a satisfactory outcome of negotiations in the Kennedy Round." (24 Ore, 23rd January 1964)

4. British Leader of the Opposition condemns Common Market's agricultural policy: Mr. Harold Wilson, the Leader of the Opposition said on 6th January, speaking at the opening dinner of the Oxford farming conference at Oxford, that the Common Market's agricultural policy was "wrongly conceived, inward looking, autarkic, unsuited to agriculture in Europe". He said it was also unsuited to East-West trade, and all that could mean in easing East-West tension. The Labour Party were worried, he said, that Ministers frustrated in the corridors of Brussels, were now seeking to introduce the Brussels market policy in Britain, "possibly as a preliminary to another attempt to get in on unacceptable terms".

External relations

Turning to world considerations of hunger and agricultural improvement, Mr. Wilson said: "I believe the time has now come to revive the concept proposed by that great practical visionary, Lord Boyd-Orr, 17 years ago, of a World Food Board and internationally-held buffer stocks, providing a surplus for fighting malnutrition."

On organized marketing, he said he hoped Britain, under whatever Government, would take the lead in pressing for international commodity agreements. (The Times, 7.1.1964; The Financial Times, 7.1.1964)

5. Argentina and the EEC's common agricultural policy: A communiqué issued by the Argentinian Foreign Minister takes the Common Market to task for its protectionist agricultural policy.

While welcoming some of the resolutions recently passed by the Six, the text also states:

"The Common Market policy, whereby inefficient farming is strongly protected, has often affected the legitimate rights and justifiable aspirations of the Argentine Republic which has, in the past, always been an exporter of agricultural produce to the Community.

"The Argentinian Government reaffirms its support for the strengthening of the European Economic Community in view of its important political and economic rôle on the international scene. It considers, however, that the EEC will not achieve any real success unless appropriate account is taken of non-member countries trading with the EEC. It is pertinent to mention that because of its historic, cultural and economic links, Argentina has pride of place among these countries." (Le Figaro, 3rd January 1964)

6. Conference of the European Movement on relations with the countries of the Eastern bloc: The European Movement organized a conference in Brussels on 9th and 10th January to discuss relations with the countries of the Eastern bloc.

Mr. Adelin (French MRP) submitted the recommendation adopted by the Economic Committee: expansion of trade with countries of the Eastern bloc will gradually induce the latter to alter their foreign trade practices and to make their economic structures, which are now too tightly bound up with those of Russia, more flexible. It is therefore advisable to encourage trade with these countries, if need be by making funds available for the purchase of manufactured goods.

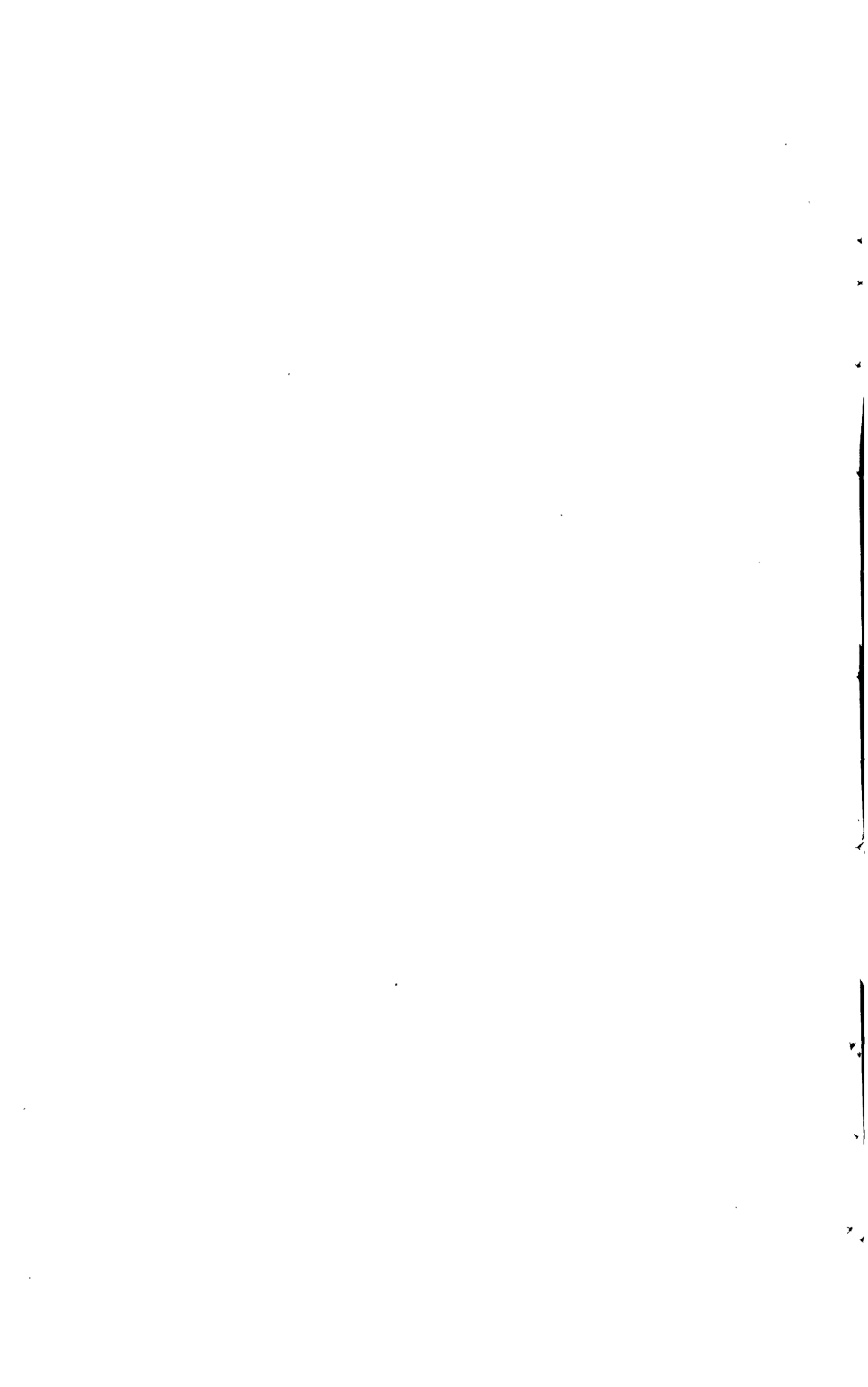
Mr. Oprecht (Switzerland, Counsellor of State) summarized the trends which had become apparent on the Cultural Committee. Many reservations had been entered except in so far as concerns scientific intercourse. For example, the idea of youth festivals, organized under the aegis of the European Movement, was rejected. It was however recommended that a Committee be set up to study the question of a cultural exchange programme. Mr. Oprecht felt the Committee should have abided more closely by the basic principles set forth in this connexion by Senator de la Vallée Poussin.

Mr. Jaksche, German Socialist, observed that these principles could have served as a basis for initiating talks with the Eastern bloc from this moment.

Winding up the Conference, Senator de la Vallée Poussin expressed satisfaction at the fact that the Committee for Relations with Countries in Central and Eastern Europe, of which he is Chairman, had risen to the occasion in agreeing that it was the duty of the European Movement to help these countries economically and culturally.

He hoped that the national governments would set up a permanent body to co-ordinate their policies on relations with the countries of the Eastern bloc.

Mr. Rey, Member of the EEC Commission, pointed out that the Communist countries persisted in ignoring completely the Common Market - to which 65 countries had sent diplomatic missions. However, the countries in the Eastern bloc were sending from time to time to each of the Six requests for tariff concessions. It was therefore up to them to take the first step and appoint competent diplomatic representatives to the Common Market. (Le Soir, 12-13th January 1964)



IV. ECONOMIC POLICY AND INDIVIDUAL SECTORS

1. Dutch Social and Economic Council calls for the single-stage introduction of a common European price for cereals: On behalf of the Committee on International Social and Economic Affairs of the Social and Economic Council, two working parties have submitted an opinion to the Ministers for Foreign Affairs, Economic Affairs and Agriculture and Fisheries, backing the EEC Commission's proposal for the single-stage introduction of a common price for cereals.

The working parties considered such a step of great importance for the integration process. Moreover, it was essential that the agricultural sector should be included in the Kennedy Round. For the Netherlands, the introduction of a common price for cereals would mean a rise in price of about six per cent for wheat and of about fifteen per cent for barley. If these rises were passed on entirely to consumers, consumption would be affected, particularly in the case of processed agricultural products. In countries where the cereal price was to be increased - including, under the European Commission's proposal, the Netherlands - the advantage accruing to producers would be offset by the higher prices paid by consumers.

The working parties had considered whether this might not provide grounds for these countries to demand subsidies - chargeable to the Community - for these consumer prices, on the same lines as the aid that would be granted to producers to offset loss of income in countries in which, under the proposal, cereal prices would fall. The majority of the working parties was opposed to subsidies for consumer prices and greatly preferred the proposal that part of the compensation to producers should be paid by countries that were directly interested (Germany, Italy and Luxembourg).

A minority of the working parties voiced strong objections to the increase at short notice of consumer prices of a number of foodstuffs in the Netherlands. They considered such a measure unacceptable in view of the present wage and price situation in the Netherlands. (Nieuwe Rotterdamse Courant, 17th January 1964)

2. Belgian reaction to a speech made by Mr. Marjolin in the European Parliament: When asked by the Radio-Télévision Belge to comment on Mr. Marjolin's warning against inflation in the Six countries given in the European Parliament (1), the Belgian Minister for Economic Affairs stated: "The Government was surprised at Mr. Marjolin's action in announcing publicly, without first getting in touch with the Belgian Government, a series of facts which, moreover, were not a true reflection of the reality.

(1) See Part II of this edition.

Economic policy and individual sectors

To begin with, the present rate of expansion in the Belgian economy is very satisfactory even though it presents some disquieting features.

This is the result of the economic expansion policy which the Government has systematically applied for nearly three years now. Again the percentage growth in price levels to which Mr. Marjolin referred is open to question.

Surely, if one takes the average level of prices in December 1962 and December 1963 respectively, it is seen that they went up by 4.2 per cent. On the other hand, if one takes the average for 1962 and compares it with the average for 1963 the increase then would be only 2.5 per cent.

It may be added that the proportion, in this increase, of food product prices - meat in particular - was very large as a result of weather conditions and the progressive implementation of the common agricultural policy.

As for the methods advocated by Mr. Marjolin, they do not appear to meet the situation in every instance. Indeed, they have an overall application which does not make sufficient allowance for the varying situation in the different branches of the economy.

Finally, the Government is now taking selective action - restricting hire purchase sales and spreading expenditure provided for in the extraordinary budget over a wider field. The discussions which the Government is at present holding with employers' and employees' organizations to induce them to exercise restraint, are specifically designed to obviate a development of the situation described by Mr. Marjolin." (Le Soir, 23rd January 1964)

Part II

THE PARLIAMENTS

Chronological summary

I. EUROPEAN PARLIAMENT

- 7th/8th January Session of the European Parliament in Strasbourg.
- 7th January Brussels decisions of 23rd December 1963 (address by Mr. Mansholt, Vice-President of the EEC, and subsequent debate).
- 7th/8th January Cereal prices; improvement in the living standard of the agricultural population; financing of the common agricultural policy.
- 8th January Refunds on exports to Member States.
- 20th/24th January Session of the European Parliament in Strasbourg.
- 20th January Progress of preparations for the multi-lateral tariff negotiations in GATT.
- 21st January Economic situation of the Community. Medium-term economic policy of the Community. Monetary and financial co-operation in the EEC.
- 22nd January Development of social position in the Community. Relations between the EEC and Israel. Regional policy in the EEC. Energy policy.
- 23rd January Special problems of the freedom of movement. External relations of Euratom. Infrastructure costs in transport. European road policy. Association of the overseas countries and territories with the Community.

The Parliaments

- 24th January Study and fact-finding mission to the Antilles.

II. NATIONAL PARLIAMENTS

Germany

Bundestag

- 9th January Budget debate in the Bundestag; address by Dr. Erhard, Federal Chancellor, on European integration.
- 22nd January Replies to questions on the European Parliament by Mr. Schröder, Federal Foreign Minister.

The Netherlands

- 15th January Mr. Andriessen, Minister for Economic Affairs, explains the Dutch attitude to national coal subsidies.
- 17th January Parliamentary question by Mr. Posthumus (Socialist) on the common energy policy.

I. EUROPEAN PARLIAMENT

1. Session of the European Parliament on 7th and 8th January 1964: The session of the European Parliament of 7th and 8th January was entirely devoted to agricultural problems.

The Vice-President of the EEC Commission, Mr. Mansholt, opened the discussions by outlining the results of the meeting of the Council of Ministers held in Brussels on 23rd December. The 40 per cent reduction in industrial tariffs as applied between Member States had placed the Community in a position to negotiate with third countries regarding its future protection in that field. Nothing like so much progress had been made in the agricultural sector, so that the decisions taken by the Council concerning the regulations on rice, beef and dairy produce, and on the Fund for common financing, had been urgently required.

Moreover, the Council had given the EEC Commission a mandate to negotiate on both industrial and agricultural products. The Council had been unable to reach a decision on the common price for cereals for 1964/1965, but intended to do so before 15th April 1964. Nor had the Council been able to draft the texts of the four regulations mentioned. Mr. Mansholt hoped that this could be done on 27th and 28th January next.

The speaker went on to outline individual points of the debate held in the Council on the regulations adopted, and stated that early in 1964 the Council would discuss a report by the permanent representatives on parliamentary control of the Agricultural Fund.

Mr. Mansholt stressed that the EEC Commission would not submit a new proposal regarding the common price for cereals. The Council could of course take any decision it wished, provided it was unanimous, on a proposal by the Commission such as that now submitted to the Parliament, on which the latter would have to give its opinion.

The speaker welcomed the clear mandate the EEC Commission had received. As regards industrial products, the Council had succeeded in establishing criteria for the classification of disparities. A solution had also been found regarding the list of exceptions. As regards agriculture, the Council had adopted a Commission proposal aimed at consolidating the entire results of an agricultural policy and rendering them amenable to negotiation on both the national and Community level. This proposal was based on the total amount of support to agriculture. If the total amount of Community support was not known - if, for instance, the common cereal price had not been fixed - the EEC Commission would have to submit a proposal to the Council. However, negotiations could only be carried out on the basis of the support resulting from the common policy. The method of negotiation employed in GATT made it essential to fix a common price for cereals. If this were not done, stated Mr. Mansholt, the negotiations would have to exclude a large number of products such as pigmeat, eggs and poultry.

In the discussion following the address by Vice-President Mansholt, the spokesmen for the various groups expressed satisfaction at the results achieved in Brussels which, in spite of a number of points that remained to be cleared up, they regarded as "a success for the Community".

They were, however, disappointed that the question of parliamentary control had still not been settled. On behalf of the Christian Democrat Group, Mr. Blaisse demanded that this deficiency should be remedied as soon as possible. For the Socialist Group, Mr. Birkelbach also criticized a legislative process of this kind in which a parliamentary body had no share. He insisted that a real right to participate and exercise control should be vested in the European Parliament.

On behalf of the Liberals and Allies, Mr. Boscary-Monsservin pointed out that following the latest regulations on dairy products, beef and rice, 80 per cent of the total agricultural production of the six Member States now came under a common market organization. It was only to be expected that the Six, now that they had merged into a common market, should give preference in this territory to their own agricultural production. Preference, however, did not mean self-sufficiency, and the degree to which it was applied should take into account not only the Community's internal requirements but also its commitments in the world outside.

Standardization of cereal price levels

The EEC Council of Ministers, in consulting the Parliament on the standardization of cereal price levels in the Community, submitted to it four proposals for regulations concerning this problem.

On the basis of these proposals, three reports were prepared by Messrs. Briot, Dupont and Vredeling on behalf of the Agricultural Committee.

Mr. Briot's report (1) - on the proposed regulation amending Regulation No. 19 with a view to standardizing cereal price levels within the Community, and the proposed regulation on the fixing of cereal prices for the 1964-65 marketing season and the designation of marketing centres - agrees with the EEC Commission on the overriding need to establish a common price level for cereals as soon as possible, in view of the favourable effect this would have on:

- internal policy, avoiding as it would difficult and often fruitless annual negotiations;
- agricultural policy, since farmers would then know in which direction their production and investment policies should be aimed;

(1) Doc. 106, 1963-64.

- commercial policy, inasmuch as the fixing of Community price levels for cereals would be an important factor, for active participation by the Community in the GATT negotiations.

The document deals in turn with each of the amendments to Regulation No. 19 that are contained in the proposed regulation and that have a special bearing on:

- the method of determining target prices;
- the harmonization of support measures;
- the abolition of intra-Community levies;
- the system to be applied for durum.

The report suggests only a few amendments to the form of the proposed regulation regarding:

- the basic target price which should in future be taken as being free of tax;
- the geographical distribution of marketing centres, with a view to bestowing the maximum benefit to producers;
- aid in support of durum production; this should not be regressive.

The document finally draws attention to the fact that Regulation No. 25 on the financing of the common agricultural policy is valid for only three years and that it would therefore be advisable now to agree on the arrangements to be applied after this period.

Regulation No. 19, as amended, outlines the legal framework within which, with the second draft regulation of the EEC Commission, cereal prices for the 1964-65 season are fixed.

This draft regulation raises problems in respect of:

- price levels;
- the relationship between the prices of the various cereals;
- 'regionalization' of prices.

The report accepts the price levels proposed by the EEC Commission as well as the relationship between the prices of the various cereals which, in its view, would tend to promote the Community's production of feed grains, which is at present inadequate.

With regard to the siting of new marketing centres in the producing regions, the report points out that these should be

sufficiently numerous to prevent excessive disparities in the conditions under which the various producers operated. Since producers have to bear the cost of transport between the site of production and the marketing centre, the report suggests that these centres should be increased in numbers, particularly in the producing areas.

The report finally suggests that losses resulting from changes in the price of products purchased by the authorities providing agricultural aid remaining unsold should be charged to the Agricultural Guidance and Guarantee Fund. It concludes with two resolutions calling upon the Parliament to adopt the draft regulations with the suggested amendments.

In an annex, the report records a favourable opinion on the Commission's regulation proposals concerning external trade.

Mr. Dupont's report (1) concerns the proposal for a regulation on compensatory measures and on Community plans for improving the standard of living of agricultural communities to take effect from the moment when, as a result of the introduction in one stage of uniform cereal price levels, agricultural incomes show a decline in some Member States.

Under the proposed regulation, the reduction in income will be calculated as a whole for the entire agricultural sector of the Member States concerned, taking into account the various factors involved and the compensatory measures taken by the Member States themselves, which will each year apply to the EEC Commission for reimbursement of the expenditure incurred in the preceding year. The payments, which will be gradually reduced from 1967 and cease entirely in 1970, will not be tied either to the prices charged after 31st December 1963 for one or two agricultural products or to the quantities of these produced after that date.

In addition to such compensation, the proposal for a regulation provides for the working out from time to time of Community plans covering four-year periods and embodying various measures designed on a long-term policy basis to offset any undesirable effects of the standardization of cereal price levels.

Mr. Dupont's report concludes with a resolution approving the Executive's proposal for a regulation. It urges the EEC Commission to ensure that the introduction of uniform price levels for cereals in a single stage is not allowed to prejudice the interests of consumers or the processing industries and that, in such an eventuality, it should submit appropriate proposals to the Council and to the Member States. The report further suggests that policies in other agricultural sectors, particularly that of dairy produce, should be brought into line with that followed for cereals.

(1) Doc. 107, 1963-64

Mr. Vredeling's report (1) deals with the proposal for a regulation amending article 5(1) of Regulation No. 25 which lays down the method of financing the common agricultural policy and provides for the measures referred to above to be financed by the Community at a rate of one sixth in 1962-63, one third in 1963-64 and one half in 1964-65. The regulation proposed by the EEC Executive aims instead at such refunds being financed as a whole as from the 1964-65 marketing season.

Mr. Vredeling's report agrees with the Executive's proposal. It confirms its agreement in a proposal for a resolution in which, however, it stresses the need to apply the Community's financing policy not only to cereals and their by-products, or the other products covered by Regulation No. 25, but also to dairy produce, rice and beef.

The proposal for a resolution concludes by urging yet again that the European Parliament should be invested with budgetary powers similar to those that will be surrendered by the national parliaments when the regulations for financing the common agricultural policy come into effect.

At the beginning of the debate on these three reports, Mr. Sabatini, speaking on behalf of the Christian Democrat Group, stressed the political importance attaching to the Commission's proposals on the eve of the GATT negotiations. Economic problems, he explained, could no longer be solved within a purely national, or even Community context, for they had assumed such proportions that every country was involved. The approximation of prices, as a tangible expression of a common agricultural policy, and a combined approach by the Community to agricultural questions during the GATT negotiations would therefore be welcome.

Mr. Sabatini considered that the objective of the common agricultural policy should be the highest possible prices for producers and the lowest possible prices for consumers. This would necessitate a more efficient system of distribution. Prices could not, and should not be regarded merely as an instrument with which to regulate production; it should also be seen as a means of influencing the distribution of incomes since the human element as well as the economic advantage had to be considered. Mr. Sabatini advanced these arguments in support of an amendment proposed by him jointly with a number of other representatives advocating a higher price for wheat than had been proposed by the EEC Commission.

The proposed amendment, which was finally turned down, was opposed by various speakers and in particular by Mr. Lardinois (Christian Democrat) who stated that a reasonable price for cereals was essential to a liberal policy. To conjure up a trend towards self-sufficiency by applying too high a price would be paying too dearly for guaranteeing the income of agricultural workers. It could also lead to a disparity between wheat and feed grain prices.

(1) Doc. 108, 1963-64

The spokesman for the Socialist Group, Mrs. Strobel, who called for a "reasonable decision on price" argued in similar vein that the EEC Commission should enter the Kennedy Round with a sensible brief and that a tendency towards self-sufficiency should not be attributed to the Community. The Socialist Group, Mrs. Strobel continued, were in broad agreement with both the Commission's proposal and the Committee reports, as this represented a decisive step towards a common policy in the agricultural sector, and one that would draw in its train further measures in the field of monetary, tax, economic and social policy. In particular, Mrs. Strobel repeated the Group's request for full compensation for losses in income, due in part to approximation prices, and pointed out that the price policy of itself would not suffice for this purpose and that every instrument of the agricultural policy would have to be resorted to. Moreover, inasmuch as the Community accepted responsibility for the cereals price and its effects on agricultural incomes, it would have to make serious endeavour to influence agricultural costs. The harmonization of prices called, where possible, for harmonization of costs. Mrs. Strobel wound up with a plea that the Agricultural Guidance and Guarantee Fund, into which considerable sums would in future be flowing, should be put without delay under parliamentary control.

This point was also the main concern of the Group of Liberals and Allies whose spokesman, Mr. Berkhouwer, pointed out that the Treaty in no way precluded parliamentary control, and, moreover, that it was essential that the powers of control relinquished by the national parliament should be transferred to the European Parliament. For the rest, the Liberal Group unreservedly approved the resolutions put forward.

Mr. Klinker (Christian Democrat) and Mr. Mauk (Liberal) spoke out unequivocally against the Commission's proposals. In their opinion, the time was not yet ripe for the adoption of a uniform agricultural price since the harmonization of costs and the removal of disparities in conditions of competition - essential prerequisites that had also been stipulated in the Treaty - had not yet been achieved. The Commission should first investigate the costs that went to make up an agricultural price level and indicate their development trends. These cost elements alone could and should provide the basis for price determination.

On behalf of the independent representatives, Mr. Vendroux approved the Commission's proposals and the resolutions put forward on the grounds that, as he put it, they finally led in the direction of the common agricultural policy and, moreover, offered the European Parliament an opportunity to exercise its authority.

At the end of the debate, in which Messrs. Dulin and Battaglia also took part and, in addition, Messrs. Baas and Van Campen, besides the Rapporteurs, explained their vote, Vice-President Mansholt dealt with a number of points that had been raised and

accepted the fact that the Commission's proposals would create difficulties for some producers. The proposals, however, should be judged by their overall effects; moreover, measures were being planned to help the farmers to adapt themselves to the new conditions. As this was a Community matter, a Community procedure would have to be followed. For the rest, it would become apparent during negotiations with third countries that the Community was not pursuing a policy of self-sufficiency - the common price for cereals must furnish proof of this.

Finally, the Parliament passed four resolutions approving the EEC draft regulations as amended by the Committee, only the draft regulation on the financing of the common agricultural policy being left unchanged.

2. Session of the European Parliament, 20th to 24th January 1964:

The debates during this session centred on external trade, economic, currency and financial policy. Other items on the agenda were social and transport policy matters, certain documents relating to regional and energy policy, and problems arising from association with overseas countries and the external relations of Euratom.

Progress of preparation for the multilateral tariff negotiations in GATT

A second interim report on this subject (1) submitted by the External Trade Committee (Rapporteur: Mr. Kriedemann) was debated on 20th January. In its report the Committee welcomes the mandate issued by the Council to the EEC Commission on 23rd December 1963 and enabling it to take an active part in the Kennedy Round negotiations as the Community's representative.

In the industrial sector, the Committee attaches great importance to the fact that the Community has accepted a 50 per cent linear cut in duties as the target for the negotiations. In its view, a result on this scale can only be achieved if the linear method which can now be employed is not marred by unduly long lists of exceptions. In the matter of disparities too, the Commission has been left with sufficient elbow-room to enable it to negotiate on any counter-proposals that may be put forward by the U.S.A. and the United Kingdom. The Committee welcomes the flexibility thus imparted to the conduct of the negotiations, provided always that the special interests of European countries outside the Community are not prejudiced. The report therefore requests the Commission to ensure that the existing economic cleavage in western Europe is narrowed down, rather than aggravated, in the coming GATT negotiations.

(1) Doc.119, 1963-64.. The first interim report was dealt with on 28th June 1963.

The fact that the Commission can now also put forward for discussion its own proposal in the agricultural sector is regarded by the Committee as a considerable step forward in view of the GATT negotiations. The Committee calls on the Council to take the decisions on agricultural policy still required to round off the Community's policy within the time-limits it has laid down, and in particular those relating to the price of cereals, as it feels that it would be dangerous for the Community to enter into the negotiations without having reached these decisions or to assume responsibility for delaying the negotiations.

As regards the ECSC, which will also take part in the negotiations, the Committee regrets that in the absence of a commercial policy, that institution, unlike the EEC, will be unable to submit a Community tariff policy for discussion in GATT.

The Committee expects the EEC Commission to express in a convincing manner the determination of the Community to play its part in liberalizing world trade. This liberalization, in the view of the Committee, should be based on strict reciprocity. Exceptions, or special concessions, could be made only in respect of developing countries.

At the start of the debate, President Del Bo explained the attitude of the High Authority, recalling the efforts it had made to bring the steel tariffs of Member States to the Italian level so as to provide a basis for their subsequent standardization. As, however, the Council of Ministers had been unable to reach agreement on this proposal, the High Authority had on 15th January sent recommendations to the Member States with a view to inducing them to bring up the peripheral protection of the ECSC to the level of the Italian tariff. This measure, however, would not of itself lead to any change in tariff rates and was moreover premature, so that it could not be used as a starting-off point for the Kennedy Round. The necessary preparations for these negotiations for the special case of steel would therefore have to be taken up anew with the governments. In the opinion of the High Authority, these negotiations should enable the Community to bring about general harmonization of tariff levels for all large steel-producing countries with a view to a general easing of restrictions on trade in steel products.

The Socialist Group, as Mr. Kreyssig, its spokesman, pointed out, was interested in a satisfactory outcome of the Kennedy Round because "results must be aimed at that are also of interest and benefit to consumers in our Community". The Socialist Group, jointly with the Christian Democrat Group, welcomed the fact that the EEC Commission had been allotted the clear-cut task of safeguarding the Community's interests during the GATT negotiations, but felt that, as far as the Commission was concerned, there would be no possibility and no point in embarking on the negotiations until the Council had reached a decision on the cereals price.

as regards the steel tariff, Mr. Kreyssig regretted that the governments had "once again been unable to reach agreement" on a procedure that could have ushered in a Community solution. In contrast, the High Authority's action in putting forward recommendations was all the more praiseworthy, since a uniform steel tariff would be in the Community's interest, particularly if it allowed for a certain margin which could, if necessary, be bartered against other concessions in the Kennedy Round.

On behalf of the Christian Democrats, Mr. Löhner appealed to the responsible members of the High Authority and EEC Commission to take steps to ensure that negative lists were kept as short as possible, that the problem of disparities was settled as equitably as possible and that non-tariff trade obstacles were dismantled to such an extent as to make manifest the political will to make a big step forward in the interests of world trade policy. In dealing with the problems of the ECSC, Mr. Löhner maintained that a uniform steel tariff was essential for the success of the Kennedy Round.

On behalf of the EEC Commission, Mr. Rey, its competent member, confirmed that the "working hypothesis" of the experts - an overall reduction in duties of 50 per cent - had now also been adopted by the governments. This did not however mean that all tariffs would actually be reduced by 50 per cent at the close of the negotiations; but in general, in laying down the basis for negotiation, the Council had made a "step forward" with a view to meeting the wishes of the other partners of the negotiations, as had been clearly acknowledged by the latter. Lively and perhaps difficult debates lay ahead in the agricultural sector but the basis for discussion proposed by the Commission would "be of service" to the negotiations. As regards the decisions taken on 23rd December 1963, the Community would at least be able to enter the Geneva negotiations armed with greater authority.

President Deil Bo wound up by once more pointing out that the High Authority could not negotiate on a uniform steel tariff without a mandate from the Member States. This was his answer to Mr. Berkhouwer (Netherlands, Liberal) who had, in particular, raised the question of the attitude that the High Authority would adopt in the negotiations. For his part, the Rapporteur commented on the remarks of Mr. Armengaud (France, Liberal) in whose opinion the report had in many aspects adopted too optimistic a view.

The economic situation of the Community

Mr. Marjolin, Vice-President of the EEC Commission, in reviewing the annual report on the economic situation of the Community, stated that in 1964 an expansion of 4.5 per cent in the Community's gross product could be expected, as compared with 4 per cent in 1963. The increase was likely to be 5 per cent in France and Italy, 4.5 per cent in the Federal Republic of Germany and the Netherlands, 4 per cent in Belgium and 1.5 per cent in Luxembourg.

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The forecasts of production were therefore satisfactory. It was the forecasts relating to production costs, prices and the Community's foreign trade that were causing concern.

With regard to production costs, Mr. Marjolin stressed that the industrial wage-bill had increased between 1959 and 1963 by approximately 17 per cent in the Netherlands, 20 per cent in the Federal Republic of Germany, 21 per cent in France and 28 per cent in Italy. While in 1963 the situation had tended to become stabilized in Germany, increases in France and Italy had been particularly heavy.

Prices of consumer goods had increased during the period 1959-63 by about 10 per cent in the Netherlands, 11 per cent in the Federal Republic of Germany, 16 per cent in Italy and 19 per cent in France.

As regards the balance of payments, the position had become progressively weaker in the last few years. While external trade in goods and services had in 1959 still shown a credit balance, i.e. 3,500 million dollars, 1963 brought a deficit which in 1964 could rise to 1,000 million dollars.

The Community's precarious position with regard to external payments was the inevitable outcome of the inflationary trends that had manifested themselves in the EEC in recent years. On the one hand, an unduly high internal demand led to a rapid increase in imports; on the other hand, the rise in production costs, which was far more rapid than in the other industrial countries of the free world, which was currently masked by generally favourable economic conditions, would become immediately obvious if the world economy experienced a lull or even a slackening in tempo.

Although the situation demanded that the public authorities should take decisive measures, this - Mr. Marjolin regretted - had not been done. The Governments, in particular, instead of hurrying through their investment programmes, should have kept a careful watch on the management of public finance.

To remedy this situation, the Vice-President of the EEC Commission proposed:

- curtailing public expenditure or tightening up existing restrictions with a view to offsetting the influence of other factors of demand so as to restore an overall balance of the economy;
- introducing regulations into the management of public finance and credit policy that would act as a brake on the excessive growth of the liquidity of the economic system;
- enlisting, in a suitable institutional context, support for stabilization measures among representatives of the main economic and social groups, urging them to reconcile their claims to the benefits of expansion with the needs of the moment;

- taking further steps to facilitate mobilization of productive resources.

Mr. Marjolin's report was referred to the Economic and Financial Committee for examination.

The Community's medium-term economic policy

On 21st January 1964, at the request of the Council, the European Parliament discussed a recommendation on this subject submitted by the EEC Commission to the Council. The discussions were based on a report prepared by Mr. Dichgans on behalf of the Economic and Financial Committee (1).

The report points to the need for an economic policy stretching over a longer period which would enable the constant government interventions in economic affairs to be properly co-ordinated. The need for such co-ordination is even greater for the EEC which is faced not only with differences in the various policy sectors but also with conflicting national and regional interests. These can only be effectively reconciled on the basis of a common economic approach derived from an overall political attitude. Over and above this, there is the central task of an economic policy directed towards common political objectives and the promotion of the general welfare. This economic policy must be the determining factor in weighing up the various interests. This is the main task of a medium-term economic policy for the Community.

For example, the EEC Treaty lays down a common policy for agriculture and transport. Economic policy, however, is indivisible. An economic union therefore demands much more than would at first sight appear from the text of the Treaty. The report goes on to outline the various forms of economic planning in the EEC countries.

Forecasts are the basis for a medium-term economic policy. They are, however, uncertain by nature. For some sectors, forecasts should be resorted to only where it is desired to formulate economic objectives - the report expressly mentions transport, agriculture, the energy market and housing. It also deals with a number of aims that the EEC Commission wishes to achieve through the medium-term economic policy proposed by it.

Scientific forecasts must serve as the basis of co-operation between governments and European institutions. If, as proposed by the EEC Commission, the services of experts are enlisted for the drawing up of forecasts, it is essential that such persons should as far as possible be morally and materially independent. The EEC Commission also proposes the setting up of a committee for long-term economic policy. The report considers that the

(1) Doc. 115, 1963-64

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officials engaged should be highly-qualified and have sufficient leisure to enable them properly to carry out their task of drafting a programme for a medium-term economic policy.

Finally, the Rapporteur recommends that the European Parliament should play as large a part as possible in the work of framing a common economic policy, as otherwise there would be no parliamentary control whatever.

Mr. Dichgans opened the discussions by once again stressing the need for a definite plan to cover economic policy in State-subsidized sectors. The necessary plans should be regarded only as directives and not as hard and fast rules, and any departure from the planned development should be treated as normal. Only where economic growth was less than half that desirable should the position be reviewed. Rigidity was the biggest danger in planning. Mr. Dichgans was in favour of these forecasts, the degree of which should not, however, be greater than required for the purpose. He stressed that the group of experts to be appointed should consist of internationally recognized authorities who were absolutely independent. Employers' and employees' associations should be associated with the work of the group in a manner to be decided later.

Finally, Mr. Dichgans pointed to the need for the European Parliament to play a part in this work as soon as possible.

Speaking on behalf of the Socialist Group, Mrs. Elsner (Germany) described the report as a welcome first step in the right direction. Her Group felt that the co-operation of employers and employees should be promptly enlisted, for example, by means of a joint committee. The meeting was then addressed by Messrs. Friedensburg (Germany) and Sabatini (Italy), Christian Democrats, Armengaud (France) and Starke (Germany, Liberals, and De Block (Belgium), Socialist.

Mr. Coppé, Vice-President of the ECSC, desired that the High Authority should retain the right to define the sectors for which planning proved necessary.

Although the Rapporteur left open the question of whether economic planning was required for steel, Mr. Coppé outlined the reasons why the High Authority had nevertheless drawn up plans. For the rest, the speaker was fully in agreement with the present report.

Mr. Marjolin, Vice-President of the EEC Commission, held the same views. Attempts should be made to find a formula that, while giving maximum responsibility to employers and employees, left the final decision with the governments, parliamentarians and institutions of the Community. The fact that the proposals of the EEC Commission do not contain programmes for certain sectors did not mean that the Commission was not interested in them.

Finally, the Parliament adopted a resolution embodying the main points of the report and expressing particular approval of the recommendation for a medium-term economic policy and for co-operation of experts and of a committee on medium-term economic policy.

Monetary and financial co-operation in the EEC

On 21st January 1964, at the request of the Council, the European Parliament discussed a memorandum on this subject submitted to the Council by the EEC Commission. Discussions were based on a report prepared by Mr. Vals on behalf of the Economic and Financial Committee (1).

The report supplements the information on the basic aspects of the problem already provided in the reports by Mr. Van Campen and Mr. Bousch and in the Parliament's resolution of 17th October 1962. Attention is drawn to the fact that economic integration depends on the continued development of the common monetary policy and that the State budget is a factor of major importance for monetary stability. The report approves the recommendations of the EEC Commission for the gradual establishment of a federal organization of central banks of issue in the EEC. The rapporteur concludes that the Commission's recommendations could increase the Community's opportunities to take measures in the field of economic policy. Economic co-operation in the EEC is being built up on a more durable basis through the Committee of Chairmen of the Central Banks, the Monetary Committee, prior consultation between States in the event of a change in exchange parities, and the Committee on Budgetary Policy, with the result that a considerable advance is being made towards a common economic policy.

The certainty must exist that the EEC Commission is represented on all bodies engaged in co-ordinating monetary and financial policy and takes part in the discussions. Only thus can it be ensured that the European Parliament, as the organ responsible for exercising control over the European Executives, can influence the integration of monetary and financial policies. The Commission supports the EEC Commission's suggestion that the Finance Ministers, Ministers for Economic Affairs and chairmen of the central banks should meet in January of each year. The results of these meetings should be discussed each year by the Parliament in the plenary session of January.

In the introduction to his report, Mr. Vals draws attention to inflationary trends in the EEC countries which create a pressing need for a common monetary policy. The proposals of the EEC Commission are aimed at establishing an organic link between various financial institutions and the Commission, so as to ensure parliamentary control. The regular attendance of a member of the EEC Commission at meetings of the Committee of Chairmen

(1) Doc. 103, 1963-64

makes for a tightening of parliamentary control of the common monetary policy. This is also of importance for changes in exchange parity. Finally, Mr. Vals states that the inflationary situation now developing in the Community underlines the importance of the Executive's proposals.

On behalf of the Christian Democratic Group, Mr. Van Campen (Netherlands) welcomed the proposals. His Group fully endorsed the underlying principles. He stressed the need for a common political will, without which nothing could be achieved, however effective the means available. He also underlined the importance of a measure of internal discipline in the Member Countries to ensure that both public and private expenditure was kept within the limits of the production potential.

Mr. Van Campen was followed by Mr. Dichgans (Christian Democrat, Germany) and Mr. Marjolin (Vice-President of the EEC Commission). The latter said that a common currency would have to be introduced sooner or later. For this, however, there would first have to be political unity. The measures proposed aimed at the progressive approximation of the economic policies of Member States. It was not only a question of creating the necessary instruments but also of adopting a specific policy as soon as possible.

Finally, the Parliament adopted a draft resolution approving the various measures mentioned above proposed by the EEC Commission with a view to monetary and financial co-operation in the EEC.

The social situation in the Community in 1962 (22nd January)

On behalf of the Social Committee Mr. Nederhorst presented his report (1) which dealt with the EEC Commission survey of the development of the social situation in 1962. The main features of the report were as follows:

In accordance with the wishes expressed by the Parliament, the EEC Executive took up a political standpoint in its survey, giving a judgement of some weight on the various aspects of social policy.

The Executive, however, omitted to give a conspectus that would have permitted a comparison of data on the social situation in the Community countries. The EEC is furthermore earnestly requested to adopt a common measure for the statistical data it provides so as to facilitate comparison.

The Executive merely gives a statement of the problem of linking wages and productivity. It should also indicate whether the principle of a wage system linking wage trends and productivity is defensible.

(1) Doc. 101, 1963-64

Comparing data on hours worked - just as comparing wages - is made particularly difficult by the fact that statistics are not standard. Exactly the same difficulty arises in connexion with the survey of occupational training.

As regards social security, although in some respects real progress has been made towards approximation of benefits, there are still factors at work holding back further development. Progress is very uneven from one country to another and not always at the rate permitted by economic expansion.

The Executive's observations on housing schemes for workers are among the most important in its survey. It is gratifying to note that, in accordance with wishes expressed by the Parliament, the EEC Commission has drawn public attention to this problem.

In conclusion, there is no doubt that socially speaking, some quite considerable progress has been made. This does not, however, allay the impression that each government only supplied such information as it wished to see brought to light. On the other hand, in comparison with other categories, the increase in prosperity of lower income groups is lagging somewhat. Lastly, developments do not appear to be any more uniform when one considers the different regions in the Community.

During the debate, Mr. Troclet (Belgian) and Mr. Vanrullen (French) spoke on behalf of the Socialist Group. The latter noted with satisfaction the improvements made in the Executive's survey but made a number of criticisms. The slowness of the Council and certain governments in fulfilling their obligations was a particular point noted. The problem of occupational training, on the other hand, needed solving as soon as possible. The Executive should standardize statistical information as quickly as possible to permit data comparison. It was necessary to improve the social insurance system in order to put foreign workers on an equal footing with national workers in every respect.

With regard to wages, it had to be noted that following the increase in labour's share in national income, the share of the individual worker had in actual fact gone down. The EEC Commission ought to suggest appropriate measures to the Governments in order to ensure that the workers obtained an improvement in their standard of living in real terms or at least a guarantee that their present standard would be maintained.

Mr. Van Hulst (Netherlands), for the Christian Democrat Group, stressed that the Parliament had to have comparable statistics in every field. He also called the Executive's attention to the shortage of housing for workers. He regretted the lack of co-ordination between the social security systems.

Mr. Vredeling (Netherlands, Socialist) drew attention to the special problem arising from price increases. Then Mr. Levi Sandri for the Executive, replied to the various speakers. He indicated that an effort would be made with regard to the statistical data needed to give a clear understanding of the social situation. As for national social security systems, it was obvious that these had steadily to be adjusted to make up a Community system. The speaker shared the opinions expressed on the need for improving occupational training. The Commission was making an extensive study of this problem.

After the debate, the Parliament passed a resolution which notably called upon the EEC Commission to draw special attention, in its surveys, to changes deemed necessary in order to achieve as extensive a degree of standardization as possible in the social context. The Parliament expressed its concern about price trends in the Community and asked the Executive to pay greater attention to this matter in its next survey. It called upon the Executive to make an inquiry into incomes in each of the six countries. It deplored the fact that, to date, the Executive had made but little progress as regards setting up joint committees on a parity basis for each branch of the economy. He likewise deplored the dragging pace of studies of social questions in general and of regulations on free movement in particular. He noted the leeway which housing schemes for workers were showing. He pressed the Executive to keep a watching brief on progress in the Community countries, in regard to family allowance policies.

Relations between the EEC and Israel

In view of the new proposals that had been submitted by the EEC Commission to the Council regarding relations between the Community and Israel and that were shortly to be made the subject of a decision, the External Trade Committee submitted an interim report (1) to the Parliament in order to give it an opportunity to express its views on the subject before such a decision was taken.

Israel's endeavours to establish closer links with the Common Market, states the Rapporteur, Mr. Blaisse, went back to 1958. Following a protracted period of contact which yielded no results, Israel proposed an "overall solution", in the form of a customs union or free trade area. This, however, was turned down by the governments of the Member States which only wanted to negotiate on the basis of a "non-preferential economic agreement". Such an agreement, however, would in the Committee's opinion be very difficult to negotiate since it would have to hinge on the most-favoured nation clause and would also be very limited in content. The Committee therefore felt it essential that the Council should

(1) Doc. 125, 1963-64; a more detailed report is to follow.

provide the Commission with new and far more extensive directives for negotiation purposes. Closer links with the Community - the report continues - were of vital importance for Israel, which had no alternative but to sell the greater part of its products in the industrialized countries of Western Europe. For the EEC, on the other hand, they were not particularly important economically but considerably so from the political point of view. The Community could not afford to deny help to a country like Israel that depended so much on its sympathy and understanding. The Community, however, was interested in stabilizing the situation in the Middle East. It would therefore have to enter into negotiations with a steadfast political resolve that did not ignore the need to maintain friendly relations with the Arab peoples. Israel could for instance share with the Community an important rôle in Africa where it was deeply committed through contractual ties and had been co-operating with the EEC in the technical field since 1963.

The solution put forward by the External Trade Committee, in agreement with the Political Committee, was that first of all an economic agreement free from substantial preferential features should be concluded. This would be only the first stage of a long-term agreement and would finally culminate in a comprehensive preferential arrangement - in other words, a "frame" treaty starting out with a non preferential economic agreement and ending with a free trade area. The Association Agreement with Turkey could serve as a model, although only as regards the pattern of development underlying it.

In the course of the debate, Mr. Metzger, speaking on behalf of the Socialist Group, fully endorsed the Committee's views. The solution of this problem depended on the political will of the parties concerned; given this, a positive agreement could be reached. Up till now, Israel had been shabbily treated by the EEC which again and again had shelved that country's proposals. Close links had already been established with a number of States. It was therefore all the more difficult to understand why the negotiations with Israel, of all countries, had achieved no results. It should be remembered that Europe had special moral, and therefore political obligations towards that country. Mr. Metzger insisted that every endeavour should be made to reach an agreement that was, to a certain extent at least, acceptable to Israel. The narrow self-interest of individual governments that were not prepared to make a sacrifice should no longer be allowed to stand in the way. Measured against the help Israel would derive, the sacrifices made by EEC countries would be small.

The Christian Democrat Group, through its representative Mr. Duvieusart, also called for the prompt conclusion of an agreement so that the existing situation could be brought to an end. Mr. Duvieusart requested the Commission to exert its entire influence to ensure a solution in the Council.

Mr. Pedini (Christian Democrat) drew attention to the prospects for co-operation with Israel in the associated African States whose main concern lay in the training of leaders, a field in which they were already receiving substantial support from Israel. Mr. Pedini recommended that the Commission should reach agreement with Israel not only with regard to commercial and economic problems but also in other fields, particularly that of technical and cultural co-operation.

The pressing need for an agreement was fully recognized by Mr. Rey, member of the Commission. He stated that a new round of negotiations had been initiated in June 1963 and in the light of the Commission's new proposals it could be expected that in February, after the Council had examined these, it would give the "green light" for the third stage of the negotiations. Mr. Rey thought that the prospects were bright for an agreement in March or April this year.

In a resolution thereupon passed by the Parliament, it called upon the EEC Commission, the Council and the governments of Member States to subject the proposals put forward in the Blaisse Report to careful study. Moreover, the Parliament requested the Council to issue to the Commission new directives for negotiation purposes on the basis of these proposals, as it desired prompt conclusion of an initial agreement with Israel that was acceptable to both sides.

Regional policy in the EEC

On 22nd January, the European Parliament discussed Mr. Birkelbach's report on regional policy in the EEC (1).

The Economic and Financial Committee starts out from the principle that every economic policy has regional repercussions. The first part of the report outlines the responsibilities of each of the three Communities in the field of regional policy. The Committee distinguishes between four kinds of development areas in the EEC: peripheral areas, border areas, industrial areas specializing in one type of production, and agricultural areas.

The purely economic arguments for an active regional policy are:

- development of as yet unexploited production factors in developing areas increases the overall rate of growth of the economy;
- uniform geographic distribution of economic activity leads to a reduction in social costs.

(1) Doc. no. 99, 1963-64

In the section of the report that deals with the requirements of a regional policy, special emphasis is placed on vocational training and decent living conditions in developing areas.

With regard to the instruments of regional policy, the Rapporteur emphasizes that, although the EEC had to adopt an overall approach to geopolitical problems, this does not release the Member States from their responsibility for the development of underdeveloped areas. The Rapporteur therefore favours close co-operation between Member States and with the European Executives.

The Parliamentary Committee considers that the activities of the European Investment Bank can be still further improved. As its rate of interest is too high for a number of development projects, the Rapporteur proposes that the EEC Commission should be accorded facilities to enable it to grant more favourable financial terms.

The report also considers that the scope of the European Social Fund is still far too limited. It therefore proposes that the competence of the Fund should be extended to cover vocational training projects, the construction of houses for foreign workers, and certain measures relating to training and re-training and to temporary aid in financing the wages of unskilled factory-workers.

A special rôle is allotted in the report to the European Agricultural Guidance and Guarantee Fund.

The Committee attaches great importance to the studies carried out by the EEC Commission and its working parties, and to the directives and criteria for regional policy these contain.

The final section of the report describes the various applications to four types of development areas.

In the conclusions of the report, the need is stressed to take account of repercussions on the different areas in framing the EEC's economic policy. A regional policy in the EEC can therefore only be effective if the Community plans its activities in the light of general medium- and long-term prospects. Although the main responsibility for regional policy must continue to lie with the individual States, it is essential that the EEC, if it is to play an active part in framing regional policy, should dispose to a far greater extent than hitherto of means of its own. The European Communities should assume central responsibility in the drawing up of the broad lines of the common regional policy, but should play only a subsidiary rôle in matters of organization and finance.

The Rapporteur opened the discussions by pointing out that regional policy had both economic and social aspects. As regards the latter, he stressed that the free establishment of workers should be not only a right but an attainable freedom.

The following took part in the discussions: Messrs. Dehousse (Belgium), Nederhorst (Netherlands) and Vanrullen (France) for the Socialist Group; Pedini (Italy) and Aigner and Richarts (Germany) for the Christian-Democratic Group; Mr. Rossi (France) for the Liberal and Allied Group; Mr. Reynaud for the High Authority and Mr. Marjolin for the EEC Commission.

Mr. Dehousse thought that the common regional policy should aim at a better balance between the European federation - in whatever form - the States and regions. This balance would have to be established by applying two principles: centralization of management in the European institutions and - in the interests of economic areas - decentralization in the Member States.

The governments were not necessarily the most competent or most objective interpreters of regional wishes. Under the existing circumstances, however, it would not be desirable to exclude the governments from contact with economic areas. For this reason, the spokesman of the Socialist Group stressed the need for direct consultation of the local authorities.

Mr. Dehousse here alluded to the International Union of Towns and Local Authorities and in particular to the Council of European Municipalities.

Mr. Pedini viewed regional policy in the light of the need for fair dealing. Moreover, as the European civic spirit could be fostered by a regional policy, the Christian Democratic Group fully supported the draft resolution.

The Liberal Group warmly welcomed the report of the Economic and Financial Committee and regarded it as an objective analysis of the situation at the European level. Their spokesman, Mr. Rossi, speaking on his own behalf, focussed attention on the political aspect of the regional policy. The dialogue between Europe and the municipalities would further integration more effectively than any treaty. The speaker preferred a common programme to a regional policy of a national character. The speaker stated that the infrastructure and public and private investments were important features of a common programme.

Mr. Nederhorst drew attention to the consequences of freedom of movement which favoured concentration and urbanization. He advocated that industry should be encouraged to spread to underdeveloped areas and to employ local labour that had been trained abroad and would thus be enabled to return to their place of origin.

His Group regretted the fact that the instruments available for regional policy were so limited.

The disturbing trend towards concentration existed not only in industry but also in the tourist trade. A plan for the development of new tourist centres was urgently required. The Socialist Group considered the introduction of nature conservancy measures at the European level to be a special task in the geopolitical sector.

Mr. Reynaud felt that a systematic line of action was particularly essential for the High Authority's regional policy. The problem to be faced in the ECSC's conversion policy was not so much one of financial resources as that of setting up the industries and selecting the appropriate areas.

As regards the primary responsibility for regional policy, Mr. Marjolin remarked that it would be unrealistic to think that the Community could solve regional problems which baffled the Member States themselves.

At the end of the year the EEC Commission, acting in consultations with the other Executives and in the light of the reports submitted by the three working parties for the regional policy in the EEC, would make known its views on the policy to be worked out. Mr. Marjolin rejected a planned economy for regional policy at municipal level. The policy would have to be European in conception, though carried through at the national level.

In the resolution, the Parliament spoke out in favour of improvements in the instruments of regional policy and of co-operation between the responsible authorities, as proposed in the report and advocated the setting up of an information centre and the intensification of contacts between local authorities.

Energy policy

On 22nd January the European Parliament discussed a second supplementary report on the energy policy proposed in the Memorandum of 25th June 1962 (1). The Rapporteurs on behalf of the Energy Committee were Messrs. Leemans and Posthumus.

The report consists of a draft resolution in which the European Parliament

(1) Doc. 116, 1963-64.

- notes with concern that the Councils, in their session of 2nd December 1962, have again failed to reach a positive decision either on the proposals contained in the Memorandum of the Executives or on any other concrete proposal for the implementation of a common energy policy;
- considers that the Councils' lack of a political will to take a decision on the European energy policy constitutes a grave threat to the progress of the Common Market;
- stresses the danger that a solution of the prevailing difficulties will be increasingly sought in national measures, thus aggravating the difficulty of arriving at a common policy;
- requests the European Executives clearly and publicly to express their attitude, not later than 5th April 1964, to any decision, or to the absence of any decision by the Councils, and reiterates its resolution of 17th October 1963 inviting the European Executives to hand back the task entrusted to them on 5th April 1962 to the Ministers of the Member States if, before 5th April 1964, the Councils have not taken a concrete decision on the proposals of the European Executives.

Mr. Leemans opened the discussions by asking the inter-Executive working party to make a clear statement of its views, particularly as regards its political will in the energy policy sector. The second Rapporteur, Mr. Posthumus, speaking on behalf of the Socialist Group, hoped that the High Authority would be at last take courage and speak its mind frankly. The fact that on 2nd December 1963 the Executives had dared to say No to the Councils of Ministers was encouraging. Mr. Posthumus hoped that the firm attitude recently adopted towards a number of smaller countries would also be taken in the case of decisions contrary to the wishes of the large countries.

Mr. Lapie (member of the High Authority) thought that the outlook for the High Authority's various proposals to the Councils was somewhat bleak. The Memorandum was still in the air, having been neither rejected nor adopted. Mr. Lapie regarded the situation as serious, and was grateful to the Parliament for its draft resolution.

Mr. Del Bo (President of the High Authority) stated that the High Authority could accept the draft resolution as a working document, provided the Council accepted the conditions outlined by Messrs. Coppé and Lapie. When the time came, the High Authority would take appropriate steps in the light of the prevailing political conditions.

Mr. Marjolin, Vice-President of the EEC Commission, felt that the documents submitted by the government experts were interesting and undoubtedly of importance for a specific source of energy.

They were however unsuitable for an effective and coherent energy policy.

Mr. De Groot (member of the Euratom Commission) also had no objection to raise to the resolution. Mr. De Block (Vice-Chairman of the Energy Committee) asked that the three Executives should present a united front to the Councils. Both the inter-Executive Working Group and the Parliament had for years been striving to achieve one object; it was high time that an acceptable solution was found.

Finally, the Parliament unanimously adopted the draft resolution.

The problems of free movement (23rd January)

Mr. Storch gave his report on behalf of the Social Committee (1); its salient points were as follows:

A delegation from the Social Committee visited the Community countries to study the practical problems arising from the implementation of undertaking given by the Community to ensure the free movement of manpower. The delegation's findings and proposals were as follows:

In so far as foreign workers come from Community countries, their immigration is effected in accordance with the recruiting rules and criteria laid down in Regulation No. 15. However, migrant workers need to be better informed: they require not only full details of their future occupation but also details of their economic status, rights and duties.

Editing standard manuals on the various occupations is a task that needs tackling at once. There is likewise a need for a complete reform of the way in which the national population is kept informed of the foreign manpower problem.

Despite considerable efforts made, the training of workers in their country of origin still leaves a lot to be desired and, through force of circumstances, the training given in the host country to workers, who in most cases have no qualifications, usually amounts to no more than a short apprenticeship in the firm for which they work.

From the social security standpoint, the foreign worker is on an equal footing with the national worker. It has, however, been found that although some progress has been made, the Community social security system is being adopted only very slowly. With

(1) Doc. 118, 1963-64.

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regard to accommodation for the migrant worker, a general shortage is found almost everywhere. The accommodation problem is at present among the most serious and it will have to be solved in an appropriate manner if the free movement of workers is to be successfully achieved.

Following the Rapporteur's report, Mr. Troclet (Belgian Socialist) spoke as Chairman of the Social Committee. He indicated that the problem of the free movement of workers was one of the biggest facing the Community and he emphasized that the fact-finding visits made by the Social Committee in the different countries had been of great interest. He called upon the Executive and the Council of Ministers to look into this question in the same practical way.

Mrs. Elsner (Germany), for the Socialist Group, made the point that it was necessary to provide migrant workers with better information on the conditions obtaining in the host countries.

Mr. Van der Ploeg (Dutch, Christian Democrat) stated that the free movement would only become a reality when a worker could freely emigrate to another country where he felt that he would be offered higher earnings. No such choice existed at present for in actual fact the worker's choice was between unemployment in his own country and the work offered in another.

Mr. Rubinacci (Italian, Christian Democrat) likewise reviewed the main problems of free movement, namely housing and occupational training.

On behalf of the "European Democrats", Mr. Comte-Offenbach (French) made the point that the very idea of free movement would ring false until, with an adjustment of the social and economic conditions of work in all the Member States, each worker was genuinely enabled to make an informed choice as between employment possibilities open to him both in his own and other countries. As long as these basic conditions did not apply, it was quite clear that one could not speak of there being free movement.

On the other hand, it was of the greatest interest that the resolution proposal had laid stress on the serious shortcomings observed in connexion with recruitment, finding jobs, housing, occupational training, information and assistance, as all the efforts of the Executive Commission and the European Parliament should be concentrated in future on these items.

Mr. Levi Sandri, a member of the EEC Executive, stated that he was satisfied that the Parliament had brought out the main issues involved in free movement in their varying aspects. He stressed that the Executive was directing its efforts in line with the observations the various speakers had made.

At the close of the debate, the Parliament passed a resolution which moved that :

- there should be a further decentralization of the national labour offices dealing with applications from migrant workers in their country of origin; their activity should be made easier and, at the same time, more efficient in regard to recruitment and job finding through their being supplied with better information manuals;
- the national house-building programmes should be adjusted, where the general economic situation allowed it, to take into account the needs of migrant workers as well;
- there should be more agreements, preferably within the framework of European regulations, between Member States concerned, bearing on the theory of occupational training not only in the country of origin but also in the host country;
- migrant workers and the general public should be better informed, through recourse to the methods indicated by the Social Committee in its report;
- the greatest attention should be paid to assisting migrant workers. An appeal to the unions and private organizations was desirable here as was an effort to promote the training of bilingual social workers.

External relations of the European Atomic Energy Community

The external relations of Euratom were debated in the Assembly in the light of a report submitted by Mrs. Probst on behalf of the Political Committee (1). The report points out that from a legal standpoint the terms of the Treaty are lacking in precision. For instance, Article 106 of the Euratom Treaty lays down that nuclear agreements concluded by Member States with third countries before the date of entry into force of the Treaty shall be taken over by the Community; no time-limits are mentioned, however, and as yet no State has shown any inclination to undertake the necessary negotiations.

It is therefore desirable that the Community spirit should be enlisted to remedy the shortcomings of the Treaty by means of a policy designed to meet the Community's requirements - all the more so as there can be no doubt of the desire of the drafters of the Treaty to find common solutions to problems

(1) Doc. 124, 1963-64,

connected with the external relations of Member States. If it is borne in mind that Europe's supplies of nuclear fuels will still have to be obtained for a considerable time from sources outside the Community, the desirability of following a policy that takes into account the needs of the entire Community becomes even more apparent.

The report therefore concludes by urging that the policy followed in this sector should bear the unmistakable imprint of the Community spirit.

In the course of the debate, which took place on 23rd January 1964, the following also took the floor: Mr. Posthumus, for the Socialist Group, Mr. Illerhaus, for the Christian Democrat Group, Mr. Armengaud, for the Liberal Group, and Mr. Krekeler, for the Euratom Commission.

The need was stressed to bring the external relations of the Community and of the Member States into line as rapidly as possible through direct consultation. Attention was also drawn to the opportunity that would arise, in the event of a merger of the Executives, of taking into account the distinctive nature of the nuclear sector so as to ensure its balanced development. The view was therefore put forward that the terms of Article 103 of the Euratom Treaty should also be applied to cases where bodies constituted under public law in Member States desire to conclude conventions or agreements with third countries, or with similar bodies in third countries, having the nature of an inter-State convention.

At the close of the debate, the meeting approved a proposal for a resolution embodying the points raised in the report and during the debate.

Inquiry into infrastructure costs in transport

The Council of Ministers has consulted the Parliament on a proposal for a decision, submitted by the EEC Commission, regarding the setting up of an inquiry into the infrastructure costs of transport by road, rail and waterways, the purpose being to arrive at as accurate an allocation of these costs as possible among the various classes of users. The proposal in question has been made the subject of a report submitted by Mr. Posthumus on behalf of the Transport Committee (1).

(1) Doc. 104, 1963-64.

The report's main contention is that the apportionment of infrastructure costs should not therefore be regarded as an end in itself but rather as an important factor in the solution of a more general problem. The report, after pointing out that the Community's policy for fixing transport charges presupposes an accurate knowledge of the social costs of the transport itself, goes on to state that only a thorough knowledge of these costs will enable them to be charged to the various types of transport and to other infrastructure users.

The report then examines the proposal for a decision and suggests the following amendments: the inquiry should be extended to cover transport by air, sea and pipeline and one of its objects should be to determine the total costs involved in the construction, servicing and development of the roads and of the fixed plant required for the flow of transport and, in the case of pipelines, for the propulsion of the liquids they are designed to carry. The inquiry should, in addition, cover the period from 1st January 1951 to 31st December 1965 and not merely data for 1965. Its results, as well as an analysis of the sums recovered from users for the use of the infrastructure, should be submitted to the Parliament and not only to the Council, as suggested in the decision.

In a proposed resolution the wish is expressed that the problems raised by infrastructure costs should be studied during the talks between the EEC, Switzerland and Austria, and the EEC Commission is requested to submit, by 1st September 1968, proposals drawn up on the basis of the inquiry into infrastructure costs so as to enable these costs to be effectively apportioned as between users of the infrastructures themselves.

In the course of the debate, after Mr. Posthumus had addressed the Parliament on the report and the amendments to be made to the proposal for a decision, Mr. Lardinois, while expressing broad agreement with the proposed amendments, made certain reservations as to the suggestions put forward in the report on the subject of pipelines.

Mr. Schaus, speaking on behalf of the EEC Commission, acknowledged the importance of relations in the transport field with Austria and Switzerland, transit through which was essential for transit relations between EEC countries. He added that so long as these States did not discriminate against Community users in the allocation of infrastructure costs, no problem would arise in the field of competition.

With reference to amendments to the proposal for a decision, Mr. Schaus stated that the Executive agreed that air and sea transport should be brought within the scope of the Treaty and that regulations covering pipelines should to some extent be tied in with the transport policy. If, however, the inquiry were extended to cover these three forms of transport, it would be

impossible to begin it next year. A supplementary inquiry would therefore have to be arranged for air, sea and pipeline transport. With regard to the reference year, while the speaker agreed that the figures would have to be studied in the light of past experience and with an eye to the future, he felt that a year of reference (1965) was necessary. Mr. Schaus accepted the request that a report on the findings of the inquiry and an analysis of the amounts charged to infrastructure users should be submitted to the Parliament.

At the end of the discussion, Mr. Battistini, Chairman of the Transport Committee, while recognizing that the amendments proposed by the Committee could not be adopted in their entirety, remarked that their submission could be regarded as a contribution to help the Executive in carrying out the inquiry into infrastructure costs, which was of major importance for the establishment of a common policy for transport.

In winding up the debate, the Parliament adopted the resolution and the amendments to the proposal for a decision.

Problems of European road policy

During the plenary session of 15th October 1963, Mr. Pleven and the Members of the Liberal and Allied Group submitted a proposal for a resolution aimed at settling European road problems and in particular taking into account the weights and dimensions of heavy vehicles and their suitability for road traffic. The proposal was transmitted to the Transport Committee and examined in an interim report drawn up by Mr. Drouot L'Hermine (1).

Referring back to an earlier report, the document stresses that the solution of the problem should be regarded as part of the future European Highway Code.

This report is an interim one inasmuch as the Transport Committee proposes to submit a full report on a European Highway Code putting forward solutions that take the interests of all European Countries into account.

The report therefore calls upon the Executive to make available to the Transport Committee all the information needed to enable it to carry out a complete study of the problem of standardizing the rules governing road traffic in the Community.

(1) Doc. 105, 1963-64.

The draft resolution submitted to the Parliament calls for the preparation of a European Highway Code embodying the regulations on the weights and measures of commercial road vehicles. It requests the EEC Commission to state, in its Seventh General Report, what progress has been made, and expresses the hope that any step taken in this sector will take account of the possible accession of other States to the Community and of the traffic requirements in transit across third countries.

During the debate, Mr. Drouot L'Hermine (France), the Rapporteur, briefly outlined his document and then went on to analyse the problem of drafting the European Highway Code, which was still being studied by the European Conference of Transport Ministers (ECTM). He regretted the slow rate of progress and suggested that the ECTM should be allowed another two years in which to complete its work on the code. If no concrete results had been achieved by the end of that period, then the European Community could reassert its freedom of action and draw up its own regulations through a decision of the Council of Ministers. The floor was then taken by Mr. Brunhes (France), Mr. Battistini (Italy), Chairman of the Transport Committee, and Mr. Kapteyn (Netherlands).

Speaking on behalf of the Executive, Mr Schaus stated that the formulation of uniform principles in this sector formed part of the Action Programme for the second stage of the EEC and that he felt it was inadvisable to impose a deadline on the ECTM for drawing up the Highway Code. In any case, the possibility should not be ruled out that the work would be concluded within the two years stipulated by Mr. Drouot L'Hermine. In fact, the ECTM had recently finished drafting an initial series of proposals concerning the rules to be observed by road users, and by the end of the year it should have drafted a second series on signalling.

The Parliament thereupon adopted the resolution submitted by the Transport Committee.

Association of the overseas countries and territories with the Community

On 23rd January, the Parliament expressed its views on a draft decision of the EEC Council - transmitted to it under the optional consultation procedure - governing the association with the Community of dependent overseas countries and territories. The association with the eighteen independent African States, including Madagascar, had of course been extended by the Yaoundé Convention signed on 20th July 1963, following the expiry of the first Implementing Convention laying down the details of and procedures concerning association. The Yaoundé Convention, however, was inadequate for the purpose of implementing that section of

Article 136 of the EEC Treaty that related to the association of dependent overseas countries. This purpose was served by the present decision. It was to remain in force for a period of five years and to be applicable to the French overseas territories and departments as well as to the overseas sections of the Kingdom of the Netherlands.

The Committee on Co-operation with Developing Countries submitted to the Parliament, through Mr. Metzger, a report (1) on this draft decision which agreed in principle with the draft, although this departed widely on many points from the Yaoundé Convention and improved on the previous regulations of the Implementing Convention. At the same time it expressed the hope that its comments on specific articles of the Council's decision would be taken into account - for instance that, as in the case of the Yaoundé agreement, provision should in certain cases be made for consultation in the Association Council. Moreover, as regards trade in certain agricultural goods, care should be taken to ensure that products of the associated overseas countries were as far as possible put on an equal footing with those of the Community. The Committee insisted on the need "to ensure for these countries in each case a special arrangement guaranteeing them a privileged position in this field vis-à-vis third countries, with a view to maintaining their earnings at least in the agricultural sector". With regard to the protective measures - previously not provided for - it was desirable that the detailed provisions should be very rigidly interpreted and applied as seldom as possible. Mr. Metzger asked that particular attention should be paid to programmes for executive and vocational training. Moreover, the EEC Commission should be granted, over and above the right to make proposals, greater powers of decision and a equal opportunity to resort to emergency measures in the event of natural disasters, as provided for in the Yaoundé agreement.

During the debate, in which Mr. Margulies (Chairman of the Committee on Co-operation with Developing Countries), Mr. Carboni (Italian, Chr.-Dem.), Mr. Armengaud (France, Lib.) and Mr. Rochereau, member of the Commission, took part, particular stress was laid on the need to create a fund to enable the Commission to provide aid in the event of natural disasters in the associated overseas countries, It was precisely in such cases, Mr. Carboni insisted, that the Community must be able to demonstrate its solidarity with these territories. Mr. Carboni also requested that the right of establishment in the territories concerned should be not merely acknowledged but also given effect without delay, all Member States being accorded equal rights. Mr. Armengaud objected to this that a clear-cut policy on guaranteed outlets and price stabilization would first be necessary - a condition rejected by the Chairman of the Committee, Mr. Margulies.

(1) Doc. 120, 1963-64

Mr. Rochereau, member of the Commission, once again commented on certain articles of the new Convention, whereupon it was ascertained that there were no differences of opinion between the Commission and the Committee.

With a resolution passed at the close of the debate, the Parliament approved the draft resolution in principle. It affirmed its determination to help in guiding the work of all the institutions concerned, so as to ensure the success of co-operation between the Community and the associated overseas countries. Moreover, the Parliament considered that it was essential to set up a reserve fund within the framework of the Development Fund to enable the Commission to make grants in the event of natural disasters in the associated overseas territories. Finally, the Commission and the Council should deal as soon as possible with the relations between the associated overseas territories and the associated African States - in respect of which no regulations as yet existed - and reach a suitable decision.

Study and fact-finding mission to the Antilles

Between 19th October and 5th November 1963, a delegation of the Parliamentary Committee on Co-operation with Developing Countries visited countries in the Caribbean area associated with the Community - the Netherlands Antilles, Surinam, French Guiana, Martinique and Guadeloupe (1) - to investigate the work that had been carried out with the aid of the first development fund and the plans to be submitted in respect of the new fund, and at the same time to make a general survey of economic and trade problems in those countries.

On 24th January, the Committee presented a report (2) to the Parliament on this mission - the fourth undertaken by members of the European Parliament in associated countries - describing the general situation and development prospects of the countries visited and the impressions brought back by the delegation. Summing up, the Rapporteur, Mr. Charpentier, stated that if an association was not established between these countries and the Common Market, there would be a danger that they would gradually turn their backs on Europe. By adhering to Community regulations, it must be possible for the Common Market to purchase greater quantities of goods from these countries. Their difficulties stemmed mainly from their remoteness and their limited markets. However, competition from countries employing exceptionally cheap labour also had a harmful effect; this could be overcome by world-wide regulation of the prices of the main agricultural products and the raising of wage levels.

(1) The Netherlands Antilles and Surinam are associated countries, while Guiana, Martinique and Guadeloupe are French overseas départements.

(2) Doc. 121, 1963/64.

The debate, in which Mr. Margulies (Chairman of the Committee), Mr. Berkhouwer (for the Liberal and Allied Group), Mr. Carboni (Italy, Chr.-Dem.), Messrs. Posthumus and Nederhorst (both Netherlands, Soc.) also took part, centred on the realization that these Caribbean countries had a future ahead of them and that their association with the Community could be of advantage to both sides. Their political stability in particular, stated Mr. Berkhouwer, was of great importance for the free world, and co-operation with them might perhaps provide a first "building block" for the Atlantic Community. It was stressed, however, that as yet too little was known of the Community in these countries; this situation should be remedied and at the same time information regarding them should be circulated more widely in Europe. Above all, it was essential to guarantee access for their products to European markets as, in the absence of adequate outlets, it would be pointless to step up their production with the aid of European investments.

In a resolution which Mr. Rochereau, member of the Commission, also approved, the Parliament called upon the EEC Commission to offer financial support for the development of agriculture, stock-raising, fisheries, industry, commerce and the tourist trade in the Caribbean countries; to speed up aid from the development fund; to clearly define the rights of these countries on the Community market, and to facilitate exchanges of information. The Parliament also considered the creation of a reserve fund essential for intervention in the event of natural disasters, advocated the promotion of vocational training and stressed the need for a prompt solution of the problems of market organization and price regulation for the products of these countries. It called upon the national parliaments to ratify the Convention of Association between the EEC and the Netherlands Antilles as early as possible.

II. NATIONAL PARLIAMENTS

Germany

Foreign Minister Schröder comments on the extension of the European Parliament's powers: At the session of the Bundestag on 22nd January, Foreign Minister Schröder replied to a number of questions on the extension of the powers of the European Parliament.

Asked by Mr. Rollmann (CDU/CSU) what was the attitude of the Federal Government towards the direct election of members of the European Parliament, the Minister stated that the Government regarded it as a special means of strengthening the Parliament and a basic condition for genuine parliamentary control of the European Community. The essential point to be borne in mind, however, was one of timing. The Federal Government had adopted a positive attitude to the draft agreement on direct elections issued by the European Parliament in May 1960; for the moment it could do more. It believed, however, that the continued progress of the Communities would necessitate effective control of all its members.

Replying to Mr. Böhme (CDU/CSU), who had asked whether the Federal Government was prepared to seek a revision of the European Treaties with a view to investing the European Parliament with budgetary powers and a say in the appointment of the Executives, the Minister stated that the Federal Government was at present going into the question of wider participation by the European Government in budgetary control. In the Government's view, the granting of powers of decision to the European Parliament in budgetary matters presupposed the opening up of direct sources of Community finance. The Federal Government favoured the principle that the EEC should have an income of its own and that the European Government should thus be provided with a true basis for exercising budgetary powers. In its view, however, any amendment to the Community Treaties with a view to giving the European Parliament a say in the appointment of the Executives should not be contemplated until direct elections were introduced, when it would be directly responsible to the peoples of the Member States. Before that stage was reached a considerable amount of ground would have to be covered.

Mr. Friedensburg (CDU/CSU) enquired whether the Federal Government did not see in an extension of the powers of the European Parliament a golden opportunity of dealing with the stagnation that hampered European development. The Federal Minister replied that great difficulty would be experienced in balancing the advances made in individual sectors. Budgetary control would first have to be introduced in the parliamentary field. All other measures would have to consist in carefully balancing any progress that the Council of Ministers could make with the extended powers of the Parliament.

National parliaments

Mr. Schäfer (Social Democrat) enquired whether the Minister would be prepared to use his influence in the Council to ensure that the budget was not adopted without prior approval by the European Parliament. Mr Schröder replied that this would not be in line with the present legal position but was in every way desirable as a future development. There was even wider scope here for agreement over a wide field - including the treatment of regulations - between the Council and Parliament. In answer to the objection raised by Mr. Ritzel (Social Democrat) that, under existing legal conditions, the body in which the power of disposition was vested - the Council - was subject to its own control, the Minister pointed out that these difficulties were part and parcel of the transitional period of reconstruction.

Following a question from Mr. Lemmrich (CDU/CSU) regarding direct elections for the European Parliament in the Federal Republic, the Minister stated that direct elections could only be introduced with the unanimous approval of all Member States. Direct elections in the Federal Republic alone, or in several but not all Member States, would not be possible since Member States were bound under the Treaties to act in common.

In answer to an enquiry from Mr. Haase (CDU/CSU) as to the Federal Republic's attitude towards proposals to increase the number of members of the European Parliament in order to lighten the work of parliamentarians, the Minister stated that this question was at present being investigated by the Federal Government.

Replying to a question from Mr. Holkenbrink (CDU/CSU) as to how the Federal Government considered the European Parliament should be granted a bigger say in the framing of European legislation, Mr. Schröder pointed out that it was considering putting forward a proposal that, where particularly important regulations or directives had been drawn to the attention of the Parliament, they should be resubmitted to it for comments after a decision had been reached on them. Where the Council did not accept amendments proposed by the European Parliament, it would have to reach a fresh decision and advise the Parliament of the reasons why it had departed from the latter's proposals.

In reply to a question from Mr. Zimmer (CDU/CSU) as to whether the problems raised would be investigated and dealt with in the light of the future accession to the Community of the United Kingdom - a possibility which should in any case be envisaged - the Minister called attention to the numerous statements by the present and the previous Federal Government to the effect that the entry of the United Kingdom into the European Community was one of the objectives of the Federal Government.

Netherlands

1. The Dutch standpoint on national coal subsidies: On 15th January 1964, in reply to questions put by Messrs. Westerterp (Christian Democrat) and Joekes (Liberal), Mr. Andriessen, Minister for Economic Affairs, pointed out that several foreign newspapers had presented a distorted picture of Dutch views on national coal subsidies as expressed by him at the meeting of the Council of Ministers in Luxembourg on 2nd December 1963.

Mr. Andriessen reported that, in speaking of the draft resolution, he had stated that its execution would represent a backward step on the road to a common energy policy since it did not take into account the basic principles of such a policy as laid down in the energy memorandum. Thus, if the measures concerning hard coal proposed in the draft resolution were carried out, this would only solve the problem in a limited sector and would disregard the basic principles underlying a common energy policy.

Mr. Andriessen pointed to the absence of any reference to an open energy market, a common energy policy, free circulation of energy sources within the Community and harmonization of competitive conditions, whereas the energy memorandum contained fully acceptable principles in this connexion. Moreover, the measures set out in the draft resolution were not subject to any time-limit - an essential requirement for measures intended to solve transitional problems.

Since, in addition, the sections of the draft resolution concerning aid to coal-mining could be interpreted in a variety of ways, Mr. Andriessen felt unable to approve the draft resolution but could only agree to study the draft resolution in connexion with the basic principles of the energy memorandum.

The Minister was not opposed to subsidies for the Community's coal industry. However, he stated that subsidies should not be treated as a separate problem but within the context of the basic principles of the common energy policy.

He felt that the adoption of the draft resolution would render a bad service to the European Community, particularly as the full importance of the cheapest possible long-term energy supplies could only be attained with an open energy market, the interests of all energy sources being considered and the policy regarding other energy sources not being subordinated to the coal policy to be pursued. (Annex to Proceedings of the Second Chamber, Session 1963-64)

2. Common energy policy: On 17th January 1964, Mr Andriessen (Minister for Economic Affairs) replied to a parliamentary question by Mr. Posthumus (Socialist) on the common energy policy. The Minister pointed out that the Dutch Government had always maintained that the "Europe of the Six" required a common energy policy that comprised all energy sources, but that was not achieved at the expense of the basic principle of cheap and stable supplies.

The Minister went on to say that at the meeting of the Council of Ministers of the ECSC held on 2nd December 1963 he had stated that the memorandum of the inter-Executive working party put forward entirely acceptable principles that could lead to a real common energy policy. Many of these principles had been omitted from the draft resolution submitted to the Council of Ministers. The Minister felt that all future measures should be taken within the context of a common energy policy and that no measure should be considered that covered only a limited sector and was not consistent with the aims of the energy policy.

As the draft resolution placed on the agenda of the Council of Ministers' meeting had not taken account of the basic principles of the memorandum - open energy market, common commercial policy and harmonization of competitive conditions - Mr. Andriessen has proposed at that meeting that the draft resolution should be studied jointly with the energy memorandum. (Annex to Proceedings of the Second Chamber, Session 1963-64)